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Fleek Declares Investment Business Paramount To Nation; Urges Simplifying SEC Procedure

Appreciation of "the greater spirit of cooperation on the part of regulatory bodies, State and Federal," was expressed by John S. Fleek, of Hayden, Miller & Co., Cleveland, in his annual address as President of the Investment Bankers' Association of America, with the opening in New York on Oct. 19 of its 31st annual meeting and War Finance Conference. President Fleek went on to say that "evidence is growing that there is a distinct trend to promote the more objective methods of the conference table in discussions between the regulators and the regulated. This is most important in its benefit to the public, at this time, of all times, when an already overburdened industry is struggling to do its ordinary business, now greatly restricted, and simultaneously to give freely of its time to further the sale of Government bonds!"

John S. Fleek

He noted that "there are doubtless many instances constantly occurring where the nation would be better served, and industry would save substantial interest cost and service charges, if the channels of private finance could be utilized. But the time element alone, involving the undivided attention of executives who should be concentrating on war work, precludes going through the tedious routine now required for a registration statement." Mr. Fleek further said:

"It is worthy of comment that the Government's way of financing is the simple and streamlined method, while the investment bankers way is entangled in much imposed red tape.

"We believe there are many ways in which the SEC procedure could be speeded and simplified without sacrificing the intent of the Act. One method of streamlining procedure for the duration might well be that: Companies with previous registration statements which have been kept up to date and companies with listed shares, be exempted from filing a detailed registration statement upon the issuance of new securities."

In his concluding remarks Mr. Fleek said:

"The national interest is paramount. It demands of us and all other citizens that we work together as a united people exerting the maximum national effort to win this titantic struggle for the survival of the way of life we cherish."

President Fleek's address follows in full:

"It is my privilege to welcome you here today and officially to open this session of our 31st Annual Meeting.

"Thirty years ago, in the year 1912, the Investment Bankers Association held its first annual convention in the City of New York at the old Waldorf. Today's meeting not only starts our 31st year on its way but marks the end of three decades of honorable history, during which time the IBA has aided in working for higher business standards and in serving the public—both investors and institutions, as well as communities, throughout the nation—in promoting the growth of municipal and industrial progress.

"We have been through several periods of depressions and business booms and we have served the country in one world war. Now we are serving in another—this one of even greater proportions than the first and calling us all to even greater patriotic endeavor.

"This morning we must devote our time to a certain amount of routine business and to the discussion of details affecting our activities; but this fact needs in no way to detract from the main purpose of this meeting.

Statement of the Topic

"In such times as these, no business discussions, however important, pertaining to the limited and normal field of any trade association, is reason enough for the general membership to be brought together in annual conclave. When national considerations are of supreme importance and when the stupendous forces of a total war are affecting the lives of every one of us, the main objective of such a meeting must be to promote the most effective methods by which such trade association can aid in bringing victory to our arms by contributing its training and experience in its specialized field. In our case this primarily means rendering what assistance

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Post-War Outlook For Electric Utilities

By ERNEST R. ABRAMS

Despite sharply increased Federal exactions which, on the basis of rates prescribed by the 1942 Revenue Act, promise to reduce this year's net income of privately owned electric utilities to about four-fifths of that earned in 1941, these public service enterprises should emerge from the war in relatively healthy condition. This will be due, in large part, to the greatly expanded use of power by industries contributing to the war effort.

But what of the post-war era? Will industrial power consumption hold to present levels, once war demands are ended? Will other classes of consumers increase their use of electricity sufficiently to offset a decline in industrial revenues? Will enthusiastic enforcement of the "death sentence," plus the impact of increased Federal taxes, drive privately owned electric utilities into public ownership? Will punitive Federal regulation further harass these enterprises after the war? To what extent will their service areas be "blitzkrieged" by public power projects, scheduled for post-war construction? Answers to the questions must be forthcoming before an informed opinion on the degree of prosperity electric utilities will enjoy in immediate post-war years can be expressed.

Perhaps, as a preface to this inquiry, the present status of privately owned electric utilities should be defined. At no time in the 60 years since the industry was founded have electric utilities been better equipped to render adequate, continuous and reliable service to the nation's consumers than they are today. In the face of sharply increased industrial demands, they still have ample capacity to meet expanded needs of consumers for the duration. Not only have none of the repeated warnings of impending power shortages, sounded in the past eight years by public ownership advocates and Federal regulatory authorities, so far materialized, but, today, at the all-time peak of electric consumption, possibility of widespread power shortage in the United States is more remote than ever.

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Airlines Favored by War and Peace

Six months ago it looked as if the war had put the commercial airlines out of business. Today they are doing the biggest job in their short and hectic history.

The heavy drain on their equipment and personnel which followed the Presidential order of last May 15 placing them under Army control, appeared to spell the doom of commercial airlines for the duration. This prospect was reflected in the market level of their stocks which sank to new wartime lows in April. That airline stocks have advanced 70% on average since then is eloquent testimonial of the change that has taken place.

What has caused this sudden "about-face" in the outlook for the airline companies? Principally, it was the commendable decision of General Harold L. George, Chief of the new Air Transport Command, to carry out the huge air cargo program through the agency of the existing airlines. This means that instead of being faced with reduced personnel and equipment, the airlines are to be vastly expanded under the sponsorship and direct supervision of the Army. Under the new plan the airlines will receive as many transport planes of existing types as can be delivered from the production lines—on a "lend-lease" arrangement. Present personnel will be greatly augmented by Army flyers.

Using military planes, military bases, etc., in addition to their own facilities and operating under orders from the Air Transport Command, the commercial airlines will have the task of carrying equipment and personnel not alone throughout the Continental United States, but to our allies as well. The scope of this undertaking is so big that it is almost an understatement to say that the airlines of the United States are about to embark upon the largest air transport job in the history of aviation—as private commercial enterprises.

Naturally, the vital statistics of this undertaking are not being made public. But the figures on airline operations in the three months just prior to the imposition of wartime blackout on such data last May are highly revealing. They give some indication of the demands which were being placed on the commercial airlines by our expanding war effort at that time.

Domestic Air Express
(1,000 pounds)

	February	March	April
1942	2,170	2,500	2,884
1941	1,109	1,215	1,352
1937	500	581	540

Passenger Miles Flown
(millions of miles)

	February	March	April
1942	104.2	139.1	158.2
1941	84.6	96.7	114.8
1937	26.1	34.6	33.4

(Continued on page 1540)

Harry L. Sebel Will Represent Hugh Long

Hugh W. Long and Company, Incorporated, 15 Exchange Place, Jersey City, national distributors of Manhattan Bond Fund, Inc. New York Stocks, Inc., Fundamental Investors, Inc. and Investors Fund "C," Inc., announce the appointment of Harry L. Sebel as their representative in the Middle West.

Mr. Sebel has had a long experience in the investment trust field and is well known to investment firms in the central part of the country. He will cover the territory which was previously served for the Long Company by Louis A. Stoner, now a Captain in the Chemical Warfare Service of the Army of the United States.

Mr. Sebel will make his office at 135 South LaSalle Street, Chicago.

Henry Thrall Chosen For Wartime Post

MINNEAPOLIS, MINN.—Henry D. Thrall, President of Thrall West Co., Northwestern Bank Building, has been appointed executive adviser to the Ninth Federal Reserve District Victory Fund Committee, of which Paul W. Loudon, Piper, Jaffray & Hopwood is executive manager. Mr. Thrall has been Chairman of the Minneapolis Regional Committee since its institution. He has been granted leave of absence by his firm in order to give his full attention to his new post; he will continue as Minneapolis Chairman of the Victory Fund.

Denver Bond Club Elects Roberts Pres.

DENVER, COLO. — The Bond Club of Denver has elected the following officers for the year 1942-1943:

Malcolm F. Roberts, Sidlo, Simons, Roberts & Co., President; Elmer G. Longwell, Brown, Schlessman, Owen & Co., Vice-President; Bernard F. Kennedy, Bosworth, Chanute, Loughridge & Co., Secretary, and Phillip J. Clark, Amos C. Sudler, Treasurer.

Walter J. Coughlin, Coughlin & Co.; William J. May, Donald F. Brown & Co.; William P. Sargeant, J. A. Hogle & Co., and Earl M. Scanlan, Earl M Scanlan & Co., were appointed directors of the club.

Los Angeles Traders Elect New Officers

LOS ANGELES, CAL.—At the meeting of the Bond Traders Association of Los Angeles, Donald E. Summerell of Merrill Lynch, Pierce, Fenner & Beane was elected President, succeeding Joseph L. Ryons of Pacific Company.

D. E. Summerell

Other officers of the Association chosen are William J. Zimmerman of Bingham, Walter & Hurry, Hilgers & Co., Vice-President; George H. Earnest of Fewel, Marache & Co., Secretary; Sam Green of Pledger & Co., Treasurer. Forest Shipley of Quincy Cass Associates; Lawrence S. Pulliam of Weeden & Co., and Clifford Hey of Nelson, Douglass & Co. were elected members of the Board of Governors. Miles A. Sharkey, Jr., of O'Melveny, Wagenseller & Durst, and Joseph L. Ryons were named National Committeemen.

Geo. Searight Joins T. J. Feibleman Staff

George A. Searight, long associated with the investment business, has joined the New York office, at 41 Broad Street, of T. J. Feibleman, member of the New Orleans Stock Exchange. In his new connection Mr. Searight will continue to be active in the same securities as in the past.

Van Ginkel Now V.-P. Of M. Wittenstein Co.

DES MOINES, IOWA—Charles G. Van Ginkel is now associated with M. Wittenstein & Co., Southern Surety Building, as Vice-President and Sales Manager. Mr. Van Ginkel was previously an officer of Henkle, Van Ginkel & Co., Inc., with which he had been associated for the past ten years.

Winfield Jackley With Barcus, Kindred Co.

DES MOINES, IOWA—Winfield C. Jackley is now associated with Barcus, Kindred & Company of Chicago as Manager of their local branch office in the Equitable Building. Mr. Jackley was formerly head of Jackley & Co.

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OUR REPORTER'S REPORT

With a majority of regional Reserve Banks having reduced their discount rates, on advances to member banks against Government paper, the latter should find their task of absorbing new Government securities substantially eased, at least for the time being.

But this move does not look, to observers, like a lasting answer to the problem of keeping institutions in funds against the steady efflux of new Treasury securities put out to finance the cost of war.

Rather it appears that ultimately the Reserve Board will find it necessary to lower the rates of required reserves unles it is satisfied to have the System step into the position of depositary for a large proportion of the nation's war debt.

Meanwhile, however, banks, particularly those in the interior, may be expected to make increasing use of this source of relief as such action becomes necessary.

The Treasury's offering of one-year certificates, put out on Monday, for the purpose of refinancing $1,500,000,000 of maturing paper and to raise an additional $500,000,000 new cash was well received.

Indications pointed to a substantial oversubscription in contrast with the rather close showing of subscriptions to the amount offered on the recent $4,000,000,000 offering.

First In Long While

Investors had their first opportunity to look over a new corporate issue in some weeks, when the successful syndicate moved to reoffer the $9,500,000 of first mortgage bonds, sold competitively by the Alabama, Great Southern Railway on Monday.

The winning group bid 98.577 for the bonds sold as 25 year 3¼%, and set a reoffering price of 99¾ less ½ to dealers.

As expected the bidding for the issue was keen to the point where a margin of only 10 cents a bond separated the high bid from the next best tendered, that being 98.5672.

Losing No Time

Defeated in its efforts to tack a "rider" on the recently enacted

(Continued on page 1539)

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Edwin Harbach Joins Hogle In Los Angeles

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—Edwin L. Harbach, formerly local manager for Davies & Co., has become associated with J. A. Hogle & Co., 532 West Sixth Street. Also joining the J. A. Hogle & Co. staff are Charles R. Bradley, Charles C. Brownson, Frederick B. Callender, Rea L. Eaton, and Homer R. Scott, all previously with Davies & Co.

Sidney Lurie Heads Paine, Webber Dept.

Paine, Webber, Jackson & Curtis, 25 Broad St., New York City, announce that Sidney B. Lurie, formerly of Parrish & Co., has become associated with them in their research and statistics department. Mr. Lurie was connected with Theodore Prince & Co. from 1930 to 1934 and from 1934 to 1938 was head of the investment advisory department of Redmond & Co., after which he joined Fuller Rodney & Co. in the same capacity. He remained there until 1941 when he became associated with Parrish & Co. as head of the research department.

T. M. Hess Joins E. F. Hutton & Co.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—Thomas M. Hess has become associated with E. F. Hutton & Company, 160 Montgomery Street. Mr. Hess was formerly a partner in Gibbons & Hess and its predecessors. In the past he was an officer of Shaw, Hooker & Co. and was with the Anglo-California National Bank of San Francisco.

Elvyn Cowgill Is Now With Davis, Skaggs

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—Elvyn S. Cowgill has become affiliated with Davis, Skaggs & Co., 211 Montgomery Street, members of the San Francisco Stock Exchange. Mr. Cowgill was previously with Eastland, Douglass & Co. and prior thereto was an officer of Franklin Wulff & Co., Inc.

Catozella Mgr. Of Advisory Dept. At Reynolds & Co.

Vincent A. Catozella, formerly with Merrill Lynch, Pierce, Fenner & Beane, has joined the research staff of Reynolds & Co., 120 Broadway, New York City, members of the New York Stock Exchange, as Manager of their Investment Advisory Division and Tax Economist.

In the "Chronicle" of Oct. 22 it was indicated that Mr. Catozella had become associated with the Merrill Lynch firm.

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Denver Tramway Corporation

DENVER, COLORADO

The Denver Tramway Corp. was incorporated in Delaware in 1925 as a consolidation of the Denver Tramway Co. (incorporated 1914), the Denver and Northwestern Railway Co. and the Consolidated Securities and Investment Co. under a plan of reorganization dated April 15, 1925.

The Denver Tramway Co. in 1914 acquired by purchase all of the railway properties and franchises of the Denver City Tramway Co., the Denver and Northwestern Railway Co., the Denver Power Co. and the Denver Tramway Terminals Co. and assumed all of the funded debt and other obligations of these companies.

The franchise under which the corporation operates was acquired in 1914 from the Denver City Tramway Co. and was issued in 1885, without time limit, authorizing operation of cable and electric railways. Validity of this perpetual franchise has been upheld in final court decisions.

The Denver Tramway Corp. owns all of the capital stock, except directors qualifying shares, of the Denver & Intermountain Railroad Co. This company owns and operates an electric interurban line for the carriage of freight and passengers between Denver and Golden, Colo., and under trackage agreement carries on whatever freight business there is on the interurban lines of the Denver Tramway Corp.

The company owns and operates the entire mass transportation business in Denver consisting of rail, bus and trolley coach services. Also owns two interurban electric lines (21 miles)—one to Leyden and the other to Golden, Colo. Owns 173 miles of track, of which about 141 miles are located within the City of Denver, covering 76 route miles. Operates about 14 route miles of trolley coach and 63 route miles of gas bus services in Denver—a total of 153 route miles of transportation.

Transportation is furnished by about 165 rail cars (with 44 in reserve), 58 gasoline buses and 46 trolley coaches (4 in reserve), a total of 269 operating units with 48 units in reserve. In 1940 a modernization plan was inaugurated by abandoning certain rail

(Continued on page 1539)

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Seaton Bowlin Joins Mason, Moran & Co.

CHICAGO, ILL.—Mason, Moran & Co., 135 South La Salle Street, announce the association with their Municipal Bond Department of Seaton A. Bowlin, formerly Manager of the Municipal Bond Department of Thompson Russ & Co. in Chicago. Mr. Bowlin was in the past with John J. Seerley & Co., Kneeland & Co., and Mitchell, Hutchins & Co.

NSTA Service Flag

The following are members of the Investment Traders Association of Philadelphia who are now serving in the armed forces. The Philadelphia Association is an affiliate of the National Security Traders Association.

William Appleton
F. Edward Atkins
Leonard S. Bailey
William Batten
Herbert H. Blizzard
Henry D. Boenning, Jr.
Samuel Boston
Ferree Brinton
George S. Burgess
Carlos Cardeza
G. Leslie Carter
Edward Christian
Robert Daffron
Donald W. Darby
John Derrickson
Jack Faut
William Gerstley
Frank Haas
Charles Halcomb
Henry W. Harper
Eugene Hemphill
George R. Kemon
Benjamin H. Lowry
Alfred McBride
William McCullen
James B. McFarland, 3rd
John A. Milburn
Richard Oler
Carl T. Pattison
Henry H. Patton
Joseph B. Smith
John B. Swann, Jr.
Henry C. Welsh, Jr.
John Wurts
C. Howele Young.

Sterling Lawton With Merrill Lynch Firm

(Special to The Financial Chronicle)

MINNEAPOLIS, MINN.—Sterling L. Lawton, for a number of years an officer of the recently dissolved firm of Needham & Company, Inc., has become associated with Merrill Lynch, Pierce, Fenner & Beane, Rand Tower.

Hotel Securities

Analysis on request

Seligman, Lubetkin & Co.
Incorporated
Members New York Security Dealers Association
41 Broad Street New York
Telephone HAnover 2-2100 Teletype NY 1-592

REAL ESTATE SECURITIES

80 BROAD STREET

An Example Of Increased Renting Activity In Downtown New York

On Nov. 1, 1942, the 80 Broad Street, Inc., will pay to bondholders $26 interest, representing a full year's interest at 4% on the $650 bonds issued in reorganization of the property in 1937. Earnings are also sufficient to provide a small sinking fund for retirement of bonds.

The property owned by the corporation consists of two leasehold estates and the 36-story office building, completed in June, 1931, on the west side of Broad Street between Stone and Marketfield Streets. Area of the land is 12,867 square feet and the rentable space in the building is approximately 272,000 square feet. The building, one of the last erected in the district, is modern and, although erected principally for the shipping trade, has at the present time a diversified tenancy, approximately 90% occupied.

The reorganization of the property in 1937 had to deal with mortgage bonds outstanding in the amount of $2,800,000 and adjustment of the terms of the ground leases and delinquent real estate taxes which were liquidated from earnings of the property during reorganization.

An appraisal of the property at that time placed a value thereon of $2,250,000. Reduction in the amount of annual rent under the ground leases was obtained and bondholders accepted a new $650 bond in exchange for each $1,000 bond. They also received 10 shares of stock with each new bond, and through the reorganization 100% of the stock of the new company was vested with them and the mortgage indebtedness reduced from $2,800,000 to $1,820,000, an amount more in line with the then value of the property.

Interest payments were placed on an annual income basis and the following interest distributions have been made on:

	Per $650 Bond
Nov. 1, 1938	$22.75
Nov. 1, 1939	22.01
*Nov. 1, 1940	10.67
Nov. 1, 1941	24.26
Nov. 1, 1942	26.00

*The reduction in this payment was due to the loss of several large tenants, one moving into its own building and another, a Government agency, moving into the New Post Office Building. The building was able to rerent the space but the loss of income between tenants and the cost of alterations reduced available income for distribution in this annual period.

The fact that the full 4% income interest is available Nov. 1, 1942, seems proof that the property has been benefited by the increasing absorption of office space in the district.

Based on the price for the unit as of each distribution date, the per cent return on the value was as follows:

Nov. 1, 1938	15.18%
Nov. 1, 1939	13.75%
Nov. 1, 1940	8.89%
Nov. 1, 1941	18.65%
Nov. 1, 1942	17.35%

As various Government agencies continue to acquire space in the district, the amount of vacant space is rapidly being absorbed and must have the effect of being beneficial to those properties which do not even acquire any of these agencies as tenants.

TRADING MARKETS IN
REAL ESTATE
SECURITIES
★ ★ ★
SHASKAN & CO.
Members New York Stock Exchange
40 EXCHANGE PL., N.Y. DIGBY 4-4950
Bell Teletype NY 1-953

New Developments In The Peoples Light & Power

The Peoples Light & Power Co. intends paying off its entire bank loan as soon as the SEC ratifies the sale of its Mississippi properties, according to report. The company has already paid off its bonds.

The company then will have outstanding only 83,201 preferred and 145,721 shares of common A and B stock.

The same source says that readjustment of the company's capitalization on a one class of stock basis is being considered, and it is expected that 90% of the new shares will go to the 83,201 shares of old preferred and 10% to the 145,721 shares of A and B stocks. This is in line with the belief that there appears to be a definite equity for the A and B stocks.

The company is headed by W. H. Duff, conceded to be one of the ranking public utility experts of the country. The board of directors has been reorganized and seems committed to carry out step by step a policy of prudent liquidation in keeping with the present-day policy of holding companies. After readjustment of capitalization it is expected, according to informed sources, that the Peoples Light & Power will distribute gradually to its own stockholders its holdings of scattered properties, retaining for itself mainly Texas Public Service.

Fort Pitt Bridge Works Co.
Common and 6's of 1950
Bought — Sold — Quoted

Interesting Statistical Data on Request

M. S. WIEN & CO.
Members New York Security Dealers Association
25 Broad St., New York Hanover 2-8780
Bell System Teletype N Y 1-1397

Fort Pitt Bridge Works

The Fort Pitt Bridge Works Co., with main offices in Pittsburgh, Pa., and plants at Canonsburg, Pa., and Massillon, Ohio, has just declared a dividend of $1.00 per share on its common stock, payable Nov. 10 to stockholders of record Nov. 5.

The company, established for over 45 years, has been one of the leading independent companies in its field, and for the past few years has been actively engaged in defense construction work, especially in the expansion program of the steel and aviation industries.

It is understood that current backlog of unfilled orders amounts to over 20,000 tons, which will probably increase in the future, due to strides being made for active participation in the shipbuilding industry as well as in the manufacture of gantry cranes. This latter field is of vital importance in the present war program and will probably be in the post-war construction period.

For the year ended Dec. 31, 1941, the company reported earnings slightly in excess of $6 per share on its 70,000 shares of common stock, and has $725,000 of first mortgage 6% bonds, due in 1950, outstanding, after anticipating its annual sinking fund requirements of $32,000. Current earnings, before taxes, are running substantially ahead of comparative 1941 period, and in spite of increased taxes for 1942 it is expected this year's net figures should compare favorably with those of last year.

Fort Pitt Bridge Works stock and bonds seem to have interesting possibilities through participation in present war activity and the post-war program, and appear to have favorable market prospects.

Air Issues Look Good

The present situation in air stocks is particularly interesting according to special reports just issued by Luckhurst & Co., Inc., 60 Broad Street, New York City, on several companies they consider particularly attractive. Copies of these reports, and memorandum on Oklahoma City-Ada-Atoka Railway Co., Inc., may be had from Luckhurst & Co. upon request.

Rail Issue Looks Good

First Mortgage Income 6s of the Oklahoma City-Ada-Atoka Railway offer attractive possibilities at the present time according to a circular just issued by D. F. Bernheimer & Co., Inc., 42 Broadway, New York City, which may be had from the firm upon request.

PERSONNEL ITEMS

If you contemplate making additions to your personnel, please send in particulars to the Editor of the Financial Chronicle for publication in this column.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **Hume C. Young** has become associated with **Central Republic Co., Inc.,** 209 South La Salle St. Mr. Young was previously with Thompson Ross Securities Co., and prior thereto for a number of years with Webber, Darch & Co.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **Harry S. Adams, Nathan H. Edelstein,** and **Herbert H. Post** have joined the staff of **Doyle, O'Connor & Co., Inc.,** 135 South La Salle St. All were formerly connected with Thompson Ross Securities Co.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **George E. Wright** has become affiliated with **Link, Gorman & Co., Inc.,** 208 So. La Salle St. Mr. Wright was formerly with Thompson Ross Securities Co., and prior thereto with Lowell Niebuhr & Co. and David A. Noyes & Co.

(Special to The Financial Chronicle)

KANSAS CITY, MO.—**Daniel L. Denise** is now with **Barrett Herrick Co., Inc.,** 1012 Baltimore Avenue. Mr. Denise was formerly with United Funds Management Corporation.

(Special to The Financial Chronicle)

LOS ANGELES, CAL.—**Harold V. Blickensderfer** has become connected with **Van Denburgh & Bruce, Inc.,** 523 West Sixth St. Mr. Blickensderfer was previously with Davies & Co., Sutro & Co., and M. H. Lewis & Co.

(Special to The Financial Chronicle)

MIAMI, FLA.—**John J. Morley** has been added to the staff of **Merrill Lynch, Pierce, Fenner & Beane,** 169 East Flagler St.

(Special to The Financial Chronicle)

NEW ORLEANS, LA. — **Sidney S. Bagot** is now with **Baumann Investment Co.,** 226 Carondelet St.

(Special to The Financial Chronicle)

OAKLAND, CAL. — **Robert E. Weidner** has become affiliated with **Davies & Co.,** 1404 Franklin St. Mr. Weidner was previously with H. R. Baker & Co., Franklin Wulff & Co., Inc., and Morrison Bond Co. In the past he was local manager for Murray A. Schulz & Co.

(Special to The Financial Chronicle)

ORLANDO, FLA. — **Morgan W. Price, Jr.,** has joined the staff of **Thomson & McKinnon,** 18 Wall St.

(Special to The Financial Chronicle)

PASADENA, CAL. — **Clarkson Balch** and **William H. Wolf** have become associated with **Wyeth & Co.,** 45 South Euclid Avenue. Mr. Balch was formerly local manager for Mitchum, Tully & Co., Merrill Lynch, E. A. Pierce & Cassatt, and Banks, Huntley & Co., with which firms Mr. Wolf was also associated.

American Silica Sand Co.
1st Mtg. Inc. 6s, 1951
Oklahoma City-Ada-Atoka Ry. Co.
1st Mtg. Inc. 6s, 1954
O'Gara Coal Company
1st Mtg. 5s, 1955

Bought and Sold
Analyses available on request

LILLEY & CO.
Packard Bldg. Phila., Pa.

Oklahoma City-Ada-Atoka Railway

1000% Increase in Earnings Before Bond Interest

For September, 1942	$64,599	9 mos. to Sept. 30	$409,735
For September, 1941	12,492	9 mos. to Sept. 30	38,440

Interest on the company's funded debt earned 11.74 times in September, 1942, and 8.27 times in the 9 months' period before allowing for Federal income taxes.

Such an extraordinary increase in earnings must naturally be due to an extraordinary development, which in this case happens to be the construction of two large Government projects—an air depot and a cargo plane assembly plant—about 10 miles southeast of the center of Oklahoma City and one mile from the main line of the Oklahoma City-Ada-Atoka Railway. The projects are served by a spur track from the main line.

The air depot, construction of which began some time ago, covers about 1,920 acres, is of permanent construction and is expected to employ about 15,000 civilian workmen when in full operation about a year hence. Construction is understood to be more than 90% complete on the present plans and the depot is in partial operation with some 6,000 workmen employed. It is one of the largest air depots of the Army, designed to serve a large area in the middle west. The ultimate cost is estimated at about $27,500,000.

The aircraft plant (operated by Douglas Aircraft) will be a manufacturing rather than an assembly plant, designed especially for the construction of cargo ships. The plant is to be of permanent steel, concrete and masonry construction and will cover about 2,000,000 square feet on 480 acres. Construction is about 30% to 40% complete. It is expected that the plant will be in partial operation before the first of the year, and it is estimated that 28,000 workers will be employed. The ultimate cost is estimated at $30,000,000. Payrolls are expected to approximate $100,000,000 annually when both plants are in full operation.

The Oklahoma City-Ada-Atoka Railway is the only rail facility serving this particular area. The company's traffic is freight exclusively, it being understood that the management does not desire to equip the line for passenger traffic.

Douglas Aircraft Company has announced that it will propose to continue the operation of this plant after the war.

For the above information we are indebted to the Oklahoma City Chamber of Commerce, parts of whose letter are quoted.

Oklahoma City-Ada-Atoka Ry. Co. is a part of the Muskogee group consisting of Midland Valley RR. Co., Kansas, Oklahoma & Gulf Ry. and Oklahoma City-Ada-Atoka.

The road has been in operation for many years, and until this stroke of good fortune was thought to be nearing obsolescence. The line, exclusive of trackage rights, approximates 132 miles. Of this 81.41 miles from Shawnee to Coalgate, Oklahoma, and 34 miles from Oklahoma City to Shawnee is owned. About 14 miles of road extending from Coalgate to Atoka, Oklahoma, is leased from the Missouri, Kansas, Texas RR. Connections are made with the "Katy," Rock Island, Santa Fe, Frisco and Kansas, Oklahoma & Gulf systems.

Capitalization consists of $700,000 Oklahoma City-Ada-Atoka first mortgage income 6s due in 1954; $400,000 Oklahoma City, Shawnee Interurban first mortmortgage 2-4s due in 1954 (all of which are owned by the "Katy"). The two bond issues are secured by first mortgage on separate mileage.

Other capitalization consists of 16,000 shares of common stock, $100 par, 15,922 shares of which are owned by the parent, Muskogee Company.

Although designated in the description as 2-4s, the Oklahoma City, Shawnee Interurban bonds are really 2-6s, since they are entitled to 2% fixed and 4% additional, if earned. The Oklahoma City-Ada-Atoka first 6s are entitled to 6%, contingent upon income. The contingent interest is non-cumulative.‡ Since 1936 the

(Continued on page 1543)

Burns Bros. Coal 5/61 A.
Consolidation Coal 5/60
O'Gara Coal 5/1955
Oklahoma City-Ada-Atoka Ry.
Income 6/54

Henry Edelmann & Co.
29 Broadway, New York
Telephone Bowling Green 9-0686

Defaulted Railroad Bonds

PFLUGFELDER, BAMPTON & RUST
Members New York Stock Exchange
61 Broadway New York
Telephone—DIgby 4-4933 *Bell Teletype*—NY 1-310
RAILROAD REORGANIZATION SECURITIES

RAILROAD SECURITIES

The ill wind that blew in Senator Wheeler's fantastic proposal to impose a tax of 90% on profits on transactions in reorganization railroad bonds last week held to tradition by blowing some good. The tax proposal by itself would presumably have had little, or no, effect on the market. The terms of the suggested tax were such that it could hardly have been taken seriously even if one disregarded its dubious constitutionality. However, the proposal was accompanied by a letter from Interstate Commerce Commissioner Splawn and supplemented by statements from Senator George which did bring home the fact that there was considerable apprehension in Washington over the speculation in reorganization rail bonds. It is claimed that wide speculation in these securities is delaying consummation of reorganization plans through aggravating litigation for better treatment of individual bonds.

It is difficult to reconcile such statements with the fact that a large proportion of the appeals were instituted before the period of so called speculative orgy. Nevertheless, the fact remains that if the idea gains support that speculation in reorganization rails should be restricted, the Government can find constitutional means to curb it. With this uncertainty injected into the picture, speculative interest in reorganization rails contracted sharply, and the public began to look to other fields. Being thoroughly sold on the premise that rails are the ideal war speculations, this speculative enthusiasm was transferred to the long neglected field of medium priced bonds of the marginal carriers. This group may continue to benefit from the uncertainties in the reorganization section for some time to come.

Faced with a change in speculator and investor psychology, railroad bond men were apparently surprised to discover the outstanding investment values to be found among the neglected "and interest" liens. One of the liens ferreted out as being obviously under priced by any measure of intrinsic worth has been the Baltimore & Ohio 1st Mortgage 5s, 1948, selling in the low 60s. The only danger now seems to be that speculative interest may disturb the orderly accumulation that had been under way by students of underlying rail bond values for some time. It has long been apparent to many investors that there can be no valid excuse for a strong mortgage of a solvent carrier, where undisturbed treatment appears assured in the event of reorganization, selling from 10 to more than 20 points below a bond of a road now in reorganization, where the plan calls for par for par allocation in a new long term blanket mortgage. The one apparent reason has been that the reorganization lien has been fashionable while the solvent lien has not been, even though it has basically higher earning power.

The Baltimore & Ohio 1st Mortgage bonds are secured by direct or collateral first lien on 1,632 miles of line, including a very large proportion of the main lines. The mileage covered includes practically all of the highly important and heavy density eastern lines south of Pittsburgh, and also the main line in the north extending from Akron, Ohio, to the suburbs of Chicago. It is indicated that even when the Baltimore & Ohio system as a whole is barely able to cover its fixed charges the earnings from the mortgaged lines is sufficient to provide a margin of safety of roundly 100% for the secured interest (4%) on the 1st Mortgage bonds. It is on this well substantiated earning power that confidence in the impregnable position of the bonds in the event of reorganization is based.

Confidence is further supported by the fact that under the company's Chandler Act readjustment a few years ago the bonds were left undisturbed as to maturity and as to the 4% interest that is secured by the mortgage. The additional 1% on the 5s, 1948, is not secured by mortgage and as a result was made contingent on earnings in the voluntary readjustment. At least for the balance of the war period it may safely be assumed that payment of this contingent interest is well assured. It took the Wheeler proposal to bring the present crop of railroad security buyers to the realization that sound values and ridiculously low prices existed outside of the reorganization group, but it is to be hoped that the lesson, once demonstrated, will take hold. The only trouble is that it requires more study to determine such real values in the "and interest" group than it does in the reorganization section where the ICC provides earnings studies.

Defaulted RR Bond Index

The defaulted railroad bond index of Pflugfelder, Bampton & Rust, 61 Broadway, New York City, shows the following range for Jan. 1, 1939, to date: high—44; low—14¾; Oct. 28 price—41.

Neglected Opportunities

There are many opportunities in solvent rail bonds which have hitherto been overlooked according to the current bulletin issued by Strauss Bros., 32 Broadway, New York City. Copies of this interesting bulletin giving further information may be had from Strauss Bros. upon request.

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MINNEAPOLIS & ST. LOUIS RAILROAD
(in reorganization)
Minn. & St. Louis New 2nd 4s, W.I.
Minneapolis & St. Louis 6s 1932
Minneapolis & St. Louis 5s 1934
Minneapolis & St. Louis 4s 1949
Minneapolis & St. Louis 5s 1962
Iowa Central 5s 1938
Iowa Central 4s 1951
Des Moines & Fort Dodge 4s 1935

Frederic H. Hatch & Co.
Incorporated
63 Wall Street New York, N. Y.
Bell Teletype NY 1-897

AMERICAN MADE MARKETS IN CANADIAN SECURITIES

Abitibi Power & Paper 5s, 1953
Aldred Investment 4½s, 1967
Brown Co. All Issues
Minnesota & Ont. Paper All Issues
Montreal Light, Heat & Power
3s 1956, '63, '73
Shawinigan Water & Power
4s, 1961, 1969
United Securities 5½s, 1952

Canadian Bank Stocks
Bralorne Mines, Ltd.
Canadian Industries Pfd. & Com.
Noranda Mines, Ltd.
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Oklahoma City-Ada-Atoka Ry.
1st Mortgage Income 6s

Bought—Sold—Quoted
Circular Available upon Request

D. F. Bernheimer & Co., Inc.
42 Broadway, New York, N. Y.
Bell System Teletype NY-1-1043

To those of our clients who are desirous of tendering their Seaboard-All Florida 6s/35 certificates and/or bonds, we would be pleased to discuss with them the prices at which we believe tenders should be made.

l. h. rothchild & co.
specialists in rails
11 wall street n.y.c.
HAnover 2-9175 Tele. NY 1-1293

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Bank and Insurance Stocks

Inquiries invited in all Unlisted Issues

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120 BROADWAY, NEW YORK CITY
Telephone: BArclay 7-3500
Bell Teletype—NY 1-1248-49
(L. A. Gibbs, Manager Trading Department)

Bank and Insurance Stocks

This Week — Insurance Stocks

The American public is having a strange, new experience. It can no longer go to the corner drug store, to the local emporium or to the delicatessen dealer and buy whatever it wants. This is not a matter of money because, collectively, we have more of that than ever. The goods, the gimcracks and the gadgets are simply not to be had and, in the words of a famous comedian, "you ain't seen nuthin' yet." Uncle Samuel is rapidly approaching the status of Old Mother Hubbard.

This may well be a salutary experience for the people of a land which has been characteristically inundated with milk and honey. For those accustomed to coast through life on pneumatic tires and able to satisfy most of their wants—from food to music—by merely pressing an electric button, luxuries have more and more taken on the guise of necessities. Theoretically, this is apt to be none too good, either for the soul or the waist-line.

In any event, Americans have been notoriously prodigal with their blessings and their resources. Supposedly a materialitsic nation, we have surely given a minimum of attention to presering and cherishing our material possessions. Wasteful and careless beyond relief, most Americans have never before faced a situation where they did not have more rubber, steel, tin, wool, sugar, etc., than they could possibly use. In fact, our greatest worry seemed to be that we would ultimately be strangled by our own superabundance. It has been said, and without exaggeration, that the waste from an average American table would feed a good-sized family of Chinese, or Japanese (perish the thought!).

Many economists have, quite seriously, held the view that a large part of our prosperity has been attributable to a genius for wearing things out quickly. In other words, the more rapidly we ran through our old automobile or suit of clothes, the sooner we should be in the market for a brand new model. Until now, it has been of no great concern whether things wore out, or were damaged, or lost, or stolen. There were always replacements galore, if we had the wherewithal—and we usually did. If not, one could simply sign on the dotted line and get what he wanted in so-many easy instalments.

But now, for the first time in the experience of this generation at least, many luxuries cannot be had for love or money, and even the ordinary necessities of life will not be available freely and without limit. This means that we must learn to safeguard what we have. We must make everything go further and last longer. We must keep mechanical things oiled and cleaned and repaired; we must see that they are protected from the elements and from predatory hands. If the tires on your automobile are stolen or rendered hors de combat by certain forms of accident, you may be able to collect from the insurance company—but the insurance company cannot supply you with a new set of tires.

The records of the insurance industry show that most claims rise either through carelessness or deliberate fraud. Very few come about from the happenstance describes as "Acts of God." Perhaps, in the insurance business, it might be said that God proposes but Man disposes. As far as fraud is concerned, under wartime conditions, the penalties for arson and other destructive acts or for theft of essential materials are now so severe as to give considerable pause to anyone contemplating such a course. Automobile accidents are also beginning to drop precipitately due to the lower speeds required and the more careful service and attention which the family jalopy is beginning to receive. This has been particularly noticeable, of course, in the gasoline ration areas where traffic is greatly reduced already and car owners have become increasingly conscious of their responsibilities.

As rationing is further extended to the balance of the country and periodic car and tire inspections are instituted, traffic accidents will doubtless become a rarity as compared with the "normal" rate of mayhem which motorists have been accustomed to inflict upon pedestrians and upon each other through the years. Observers who have had occasion recently to travel between rationed and non-rationed areas have remarked on the great contrast in driving habits, in volume of traffic, in the appearance of the vehicles on the road and in the general public psychology. It is surprising, perhaps, how quickly the population of various sections has adjusted itself to the imposition of restrictions which are so foreign to the instincts and practices of free Americans. A little discipline, if not carried to the point of permanent regimentation, may be all to the good. At least we can see whether we like it or not and whether it works out in the best interest of all concerned.

From an insurance standpoint, the care which we are now obliged to lavish upon our automobiles, our refrigerators, our radios, our bicycles, our baby carriages, our lawn mowers, our plumbing and even the clothes we wear may well have definite long-term consequences. Habits are easily formed and hard to break. Those of our citizens who become accustomed to maintaining and preserving their possessions in good order may find it difficult, after the emergency is over, to start abusing them again. Also, many people will be agreeably surprised to find how much more economically they can live when they exercise a modicum or two of intelligence in the way they do it.

This general line of reasoning applies not only to our trinkets and our toys but to our own physical embodiments as well. A lot of people treat their one and only worldly habitation as though it could be turned in on a new model, without ado, as soon as the present carcass is worn out. The vast majority of us, in fact, think very little of our health until we are ill, and apparently it requires some great calamity or sudden danger to bring to human beings a realization of life's simplest fundamentals. However, our education is proceeding apace. We are daily increasing our store of knowledge regarding nutrition, sanitation and malignant diseases. Tremendous strides have been made in the fight against deterioration, both of men and machines, and in the greater efficiency of each. Perhaps, despite the turbulent and destructive seas which now threaten to engulf us, the Millenium may not be as far off as most people imagine.

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In The Armed Forces

Paul D. Beck, a partner in Refsnes, Ely, Beck & Co., Phoenix, Ariz., is now serving as First Lieutenant in the Air Corps, and is at present stationed in Salt Lake City, Utah, 140 East South Temple Street.

Dale Cunningham, Treasurer of Ballard-Hassett Company, Valley Bank Building, Des Moines, Iowa, will become a Lieutenant (j. g.) in the U. S. Navy on Nov. 23.

Joseph H. Dagenais, Jr., formerly in the investment business in Hagerstown, Md., is now serving in the armed forces.

Russell Gartley, partner of A. S. Huyck & Co., 100 West Monroe St., Chicago, Ill., is on leave of absence from his firm, having been commissioned a Captain in the Transportation Corps. Captain Gartley served as an infantry officer with the First Division in the AEF in World War I.

D. Roger Hopkins, Jr., partner in Hopkins Hughey & Co., Sixth and Grand, Los Angeles, Cal., has been commissioned a Lieutenant (j. g.) in the U. S. Navy and is reporting for active duty on Nov. 2. The firm of Hopkins, Hughey & Co. will continue operations as heretofore.

Donald J. Metcalf is now serving as a Lieutenant in the U. S. Navy. Mr. Metcalf was formerly head of the Des Moines Corporation, which has discontinued business.

Joseph Netter, II, associated with the Baltimore office of Newburger & Hano, Keyser Building, has been commissioned as a First Lieutenant in the U. S. Army (Finance Department).

Manufacturers Trust Has Pamphlet On New Taxes

Manufacturers Trust Company, 55 Broad St., New York City, is distributing a pamphlet, "The Revenue Act of 1942," which contains the text of the bill which became law by the signature of the President on Oct. 21, 1942, with an explanation of the various provisions, as well as charts and tables showing the application of the new rates.

Copies may be had upon request.

DIVIDEND NOTICES

The American Tobacco Company
INCORPORATED
111 Fifth Avenue New York City

149TH COMMON DIVIDEND

A regular dividend of Seventy-five Cents (75¢) per share has been declared upon the Common Stock and Common Stock B of THE AMERICAN TOBACCO COMPANY, payable in cash on December 1, 1942, to stockholders of record at the close of business November 10, 1942. Checks will be mailed.

EDMUND A. HARVEY, *Treasurer*
October 28, 1942

THE ATLANTIC REFINING CO.

COMMON DIVIDEND NUMBER 149

At a meeting of the Board of Directors held October 26, 1942, a dividend of fifteen cents per share was declared on the Common Stock of the Company, payable December 15, 1942, to stockholders of record at the close of business November 20, 1942. Checks will be mailed.

W. M. O'CONNOR
Secretary
October 26, 1942

THE BUCKEYE PIPE LINE COMPANY
26 Broadway

New York, October 24, 1942.

A dividend of One ($1.00) Dollar per share has been declared on the Capital Stock of this Company, payable December 15, 1942 to stockholders of record at the close of business November 20, 1942.

J. R. FAST, Secretary.

NORTHERN PIPE LINE COMPANY
26 Broadway

New York, October 28, 1942.

A dividend of Thirty (30) Cents per share has been declared on the Capital Stock ($10.00 par value) of this Company, payable December 1, 1942 to stockholders of record at the close of business November 13, 1942.

J. R. FAST, *Secretary.*

St. Louis, Rocky Mountain & Pacific Co.

Raton, New Mexico, October 22, 1942.

PREFERRED STOCK DIVIDEND NO. 98

The above Company has declared a dividend of $5.00 per share on the Preferred Stock of the Company to stockholders of record at the close of business October 31, 1942, payable November 14, 1942. Transfer books will not be closed.

COMMON STOCK DIVIDEND NO. 84

The above Company has declared a dividend of 50 cents per share on the Common Stock of the Company, payable November 14, 1942 to stockholders of record at the close of business October 31, 1942. Transfer books will not be closed.

P. L. BONNYMAN, Treasurer.

UNITED GAS CORPORATION
$7 Preferred Stock Dividend

At a meeting of the Board of Directors of United Gas Corporation held October 27, 1942, a dividend of $2.75 per share was declared on the $7 Preferred Stock of the Corporation for payment December 1, 1942, to stockholders of record at the close of business November 6, 1942.

E. H. DIXON, Treasurer.

THE UNITED STATES LEATHER CO.

The Board of Directors, at a meeting held October 28, 1942, declared the following dividends:

A dividend of $8.00 per share on the Prior Preference stock as final payment on account of arrears, payable January 4, 1943 to stockholders of record November 10, 1942.

A regular quarterly dividend of $1.75 per share on the Prior Preference stock, payable January 4, 1943 to stockholders of record December 10, 1942.

A dividend of 25c per share on the Class A Participating and Convertible stock, payable January 4, 1943 to stockholders of record December 10, 1942 and a dividend of 25c per share payable April 1, 1943 to stockholders of record March 10, 1943.

C. CAMERON, *Treasurer.*
New York, October 28, 1942.

Sargeant And Wilson With Hogle In Denver

DENVER, COLO.—On Nov. 1st, J. A. Hogle & Co., Salt Lake City, Utah, members of the New York Stock Exchange and other leading national Exchanges, will open a new branch office in Denver in the Equitable Building with William P. Sargeant as Office Manager and C. Emmett Wilson as Production Manager.

Mr. Sargeant and Mr. Wilson were formerly partners in Sargeant, Malo & Co., which is being dissolved as of Oct. 31st.

Royal Bank of Scotland
Incorporated by Royal Charter 1727

HEAD OFFICE—Edinburgh
Branches throughout Scotland

LONDON OFFICES:
3 Bishopsgate, E. C. 2
8 West Smithfield, E. C. 1
49 Charing Cross, S. W. 1
Burlington Gardens, W. 1
64 New Bond Street, W. 1

TOTAL ASSETS
£98,263,226

Associated Banks:
Williams Deacon's Bank, Ltd.
Glyn Mills & Co.

Australia and New Zealand

BANK OF NEW SOUTH WALES
(ESTABLISHED 1817)

Paid-Up Capital	£8,780,000
Reserve Fund	6,150,000
Reserve Liability of Prop.	8,780,000
	£23,710,000
Aggregate Assets 30th Sept., 1941	£150,939,354

SIR ALFRED DAVIDSON, K.B.E.,
General Manager
Head Office: George Street, SYDNEY

The Bank of New South Wales is the oldest and largest bank in Australasia. With over 870 branches in all States of Australia, in New Zealand, Fiji, Papua and New Guinea, and London, it offers the most complete and efficient banking service to investors, traders and travellers interested in these countries.

LONDON OFFICES:
29 Threadneedle Street, E. C.
47 Berkeley Square, W. 1
Agency arrangements with Banks throughout the U. S. A.

Whipple & Fleek Of IBA To Confer With SEC

Jay S. Whipple, Bacon, Whipple & Co., Chicago, President of the Investment Bankers Association, and John S. Fleek, Hayden, Miller & Co., Cincinnati, the retiring President of the Association, are meeting today with James A. Treanor, Jr., Director of the Trading and Exchange Division of the Securities and Exchange Commission to discuss the proposed bid-asked price disclosure rule.

It is expected that this informal conference on the issues involved will add to the information the SEC has been accumulating from comments from interested parties which were solicited by the Commission when the original draft of the proposed regulation was sent out. It is understood that before a final draft of the rule is prepared Mr. Treanor will make recommendations to the SEC which will probably embody some of the practicable suggestions contained in the many letters received by the Commission, although Mr. Treanor has declined to comment at this time on what his recommendations may be, preferring to await the result of his discussion with Mr. Fleek and Mr. Whipple.

Hotel Securities

Analyses of hotel securities, which should be useful to dealers interested in properties of this character, have been prepared by Seligman, Lubetkin & Co., Inc., 41 Broad Street, New York City. Copies of these analyses may be had from the firm upon request.

Hipkins Back From Trip

Herbert Hipkins of Goodbody & Co., 115 Broadway, New York City, members of the New York Stock Exchange and other leading Exchanges, has just returned from a trip to the firm's correspondents in Montreal and Toronto.

The Securities Salesman's Corner

A PLAN TO BUILD UP YOUR BUSINESS

PART II

There are as many ways to analyze securities as differences of opinion will permit. It seems as if every statistician has his own pet methods. Since we are no exception to this rule all we can say is—if you desire to specialize in "sleepers" and "special situations" then the first thing you must do in order to be successful **is to have some workable method by which you are enabled to select the wheat from the chaff.** If you want to build up a business of this character, it is absolutely essential that you offer the right merchandise. Otherwise your entire sales campaign will be a failure and the results will be unfavorable to a marked degree. Instead of creating "good will," which is the desired objective of such a campaign, the wrong kind of situations will bring losses to your customers and you know what that means. So, the first step is definitely, "pick 'em right."

Here is a list of some of the most likely places to find the "bargains" both in the over-the-counter and other markets:

1. **Feast or famine industries,** such as the recent examples of Sugar companies, textiles, steels, machine tool companies.
2. **Industries that show definite signs of coming out of the prolonged "dog-house" class into better days.** Recent examples, traction companies, railroads, heavy machinery companies (steamshovel manufacturers outstanding example of this group), building contractors, etc.
3. **Groups of securities that have been oversold.** The public utility preferreds on several occasions in the past five years have offered exceptional profit-making opportunities. There are others of like performance that periodically come along.
4. **Bonds with indenture provisions** that careful analysis will indicate may be bought in by the company through open market purchase. This is one of the most prolific opportunities for profit making if you can put the pieces together at the right time.
5. **Preferred stocks with accumulations;** also included in this group are **income Bonds with cumulative features.** Catch one of these at low depressed figures, get a company that is coming out of the famine stage into prosperity, add three or four years of accumulations of bad dividends, time it right, sell it to your customers, buy some yourself, sell it out at a good profit, do this several times a year—**utopia.**
6. **Securities of companies in new industries rapidly coming into prominence.** Remember the "Tommy Gun," "Decca records," "Vitamins." Here again, timing is the important element if you want to win unusual speculative rewards.

Next week we will present part three of this "plan for building up a business" in special situations. An outline of the method we have used in making an appraisal of the pivotal points regarding individual situations from a statistical standpoint will be presented. It has the advantages of brevity, the elimination of much excess paper work and is particularly well suited to the needs of a smaller organization that does not boast the resources of a large statistical department. We will also suggest a plan that has been successful in determining the trends of market action in the over-the-counter markets. This is helpful in the proper "timing" of situations. In our opinion, timing is just as important as correct statistical diagnosis, if you want to make profits out of "situations."

NASD Exec. Committee Submits Report Opposing SEC Bid Asked Disclosure Rule To Commission

The Executive Committee of the National Association of Securities Dealers, Inc., in the name of the Board of Governors of the Association has addressed a memorandum to the Securities and Exchange Commission opposing the proposed regulation which would compel over-the-counter dealers to disclose marked bid and asked prices to customers in each transaction (Rule X-15C1-10).

In a letter to Ganson Purcell, Chairman of the Securities and Exchange Commission, the Committee declared:

"The views set forth in the memorandum are those of a substantial majority of the members of the Association and, so far as we know, are unopposed by any element of the business.

"The ultimate objective of the proposed Rule, we presume, is to secure universal conformance with standards of practice observed by the great majority in the over-the-counter business. We wholeheartedly subscribe to this objective, but we are convinced that neither the immediate nor the ultimate objective sought by the Commission can be attained with this Rule. Our experience of the last two years in self-regulation fortifies our belief that the standards of the securities business can be placed on a high professional level without imposing upon that business further restrictive rules and regulations and that adoption of such further rules and regulations may, indeed, seriously interfere with the process of self-regulation.

"The securities business has not just given lip-service to the idea of self-regulation represented by this Association. On the contrary, those who have sponsored and supported this idea have invested liberally of their time and money to make it a vital force in the business. They now see, in spite of the convincing results attained, that these efforts, if the proposed rule is adopted, will have been in vain.

"If this, or any similar rule, were adopted it would obviate the need for that part of the work of the Association which has represented the greatest part of our service to the industry and the investing public. Therefore, the industry would not support and could not be expected to support an Association whose remaining field of service would be so limited."

The text of the memorandum submitted to the SEC detailing the opposition of the dealers to the proposed regulation follows:

"In our opinion this proposed Rule is unworkable and impracticable but it is not our purpose to discuss technical and mechanical details in this memorandum. Nor, for the purpose of this memorandum, do we intend to examine its legal authority in the light of the intent of Congress and the provisions of the statute. We take issue with the proposal on more fundamental grounds and deny that there is any necessity for such a rule.

"We take that position not because of any sentimental urge to defend the securities business against renewed public indictment of its treatment of investors. We take that position as a result of practical experience and out of a knowledge of conditions as they truly exist.

"The Commission has been regularly informed of our actions but it would seem appropriate to review again the nature and extent of them as they bear upon the subject of this proposed Rule.

"This Association was a little more than a year old when, in April, 1941, it undertook an intensive program of examination of all members and aggressive enforcement of its Rules of Fair Practice.

"This program was instituted for two reasons: in the first place, it was believed that such a program was necessary in order to ascertain the nature of the Association's problems; in the second place, it was believed at the time that such a program was necessary to carry out the concept of an industry attempting, with governmental cooperation, to put and to keep its house in order. The word 'attempt' is used advisedly. At that time 'self-regulation' was only an attempt; today we believe the concept of self-regulation originally held by the Congress, the business and the Commission has justified itself.

"In a period of 17 months well over 2,500 members of the Association have been examined at least once in respect to financial condition and business practices. The Association's staff has employed several means in conducting these examinations.

"The Association's staff has personally examined over 500 member firms. In addition, approximately 300 member firms have been examined by Certified Public Accountants trained in respect to brokerage accounting and brokerage practices. Since it was our desire to complete this job of examining the entire membership before the end of the last fiscal year on Sept. 30, 1942, it was decided to examine the remaining members of the Association by questionnaire. The questionnaire employed consisted of two parts, the first, covering financial conditions; the second dealing with business practices in general, including questions which would disclose whether the member broker-dealer understood and properly disclosed to his customer the capacity in which he was acting; whether the member understood and complied with governmental rules and regulations concerning the keeping of books and records, the hypothecation of customers' securities, etc.; and whether the member was complying with the Rules of Fair Practice of the Association. The final phase of this second part of the questionnaire included disclosures in respect to sales and profit policies.

"The question of fair profit policies and the sale of securities at prices not reasonably related to the market for such securities has been but one phase of the business practices which the Association has carefully examined.

"What have been the results of this examination program? In the first place, the Association, acting through its District Business Conduct Committees, has taken disciplinary action against firms in those instances in which their sales and profit policies appeared to be inconsistent with good business ethics. This action has taken several forms. Business Conduct Committees have expelled members from membership in the Association. They have suspended members according as the facts and circumstances warranted. In many instances, members have been fined. District Business Conduct Committees have on occasions been able to effect substantial restitution to customers. In addition to the foregoing, the Association, through its Business Conduct Committees, has, as a result of the examination and study

(Continued on page 1538)

ABS
AMERICAN
Business Shares, Inc.

Prospectus on request

LORD, ABBETT & CO.
INCORPORATED
63 Wall Street, New York
CHICAGO JERSEY CITY LOS ANGELES

Investment Trusts

Investment Company Briefs

Showing by means of a table just what the 1942 income tax rates mean to individual Americans, the current issue of "Keynotes" quotes the statement of Treasury Department's General Counsel, Randolph Paul, that "No financial legerdemain, no tax panaceas, no verbal evasions can protect the whole fixed income group from a larger-than-proportionate diminution of their standard of living."

To this categorical statement, "Keynotes" adds the reasonable advice that "Investors should plan now to increase income where there is sound opportunity to do so. Failure to act will result in a possible serious shrinkage in net income after taxes."

* * *

"The features of investment companies and the way in which leading units in the industry have been able to adapt themselves in this country to the extraordinary conditions of recent years serve to explain why public interest in them at this time is greater than for several years past. Investors who are genuinely concerned about the problems of protecting capital and obtaining an adequate income return in the days ahead should find such companies particularly worthy of consideration today—and the volume of purchases of Dividend Shares, to cite an example, indicate that an increasing number of such investors are taking advantage of this type of investment program."—From the Oct. 22 issue of Calvin Bullock's "Bulletin."

* * *

The forecast of the intermediate trend of stock prices, as given in the Oct. 22 issue of National Securities & Research Corporation's "Investment Timing" service, concludes as follows: "The market continues to give indications of toppiness. We must, therefore, hold to the position that lower prices will be seen before any sustained upward movement occurs."

The main body of the service is devoted to an analysis of the new corporate tax provisions. It is a good job of condensing the 600-odd pages of the tax bill into summary form. Here are the general conclusions:

1 OF 20 MAJOR INDUSTRY SERIES
NEW YORK STOCKS, INC.
RAILROAD SERIES
PROSPECTUS ON REQUEST
HUGH W. LONG and COMPANY
INCORPORATED
15 EXCHANGE PLACE 634 SO. SPRING ST.
JERSEY CITY LOS ANGELES

"With the corporate provisions of the 1942 tax bill already largely discounted in both reported earnings and stock prices, its actual passage into law represents no unfavorable market factor. On the contrary, the removal of uncertainties which persisted as long as the bill was in process, and the probably justified feeling that most of the worst of corporate taxes is now seen, can be considered as essentially favorable influences tending to clarify the securities market situation."

* * *

"Wartime Investment Policies of Colleges and Universities" is the title of the current issue of "Brevits." The bulletin quotes at length from an article by J. Harvey Cain of the American Council on Education Studies. Here is one significant excerpt:

(Continued on page 1539)

INVESTORS MUTUAL, INC.
AN OPEN END INVESTMENT COMPANY
Prospectus on request from Principal Underwriter
INVESTORS SYNDICATE EST. 1894
MINNEAPOLIS, MINNESOTA
OFFICES IN THE PRINCIPAL CITIES OF THE UNITED STATES

CANADIAN

Government, Municipal and
Corporation Bonds

F. B. ASHPLANT & Co.
Two Wall Street Rector 2-1545
NEW YORK
Bell System Teletype—NY 1-69

FLORIDA

FLORIDA
MUNICIPAL BONDS

Our long experience in handling Florida issues gives us a comprehensive background of familiarity with these municipal bonds. We will be glad to answer any inquiry regarding them at no obligation.

R.E. CRUMMER & COMPANY
1ST NAT BANK BLDG INVESTMENT SECURITIES CHICAGO ILLINOIS

VIRGINIA

Wire Bids on
VIRGINIA—WEST VIRGINIA
NORTH and SOUTH
CAROLINA
MUNICIPAL BONDS

F. W.
CRAIGIE & CO.
RICHMOND, VIRGINIA
Bell System Teletype: RH 83 & 84
Telephone 3-9137

Channer Securities
Company

*Municipal, County
and School Bonds*

•

39 South La Salle Street
CHICAGO
Tel. Randolph 3900 Tele. CG 540

Municipal News & Notes

This issue of the "Chronicle" contains a special section devoted to the proceedings of the Investment Bankers Association's recent war finance conference in New York City. Included in the material published is the full text of the report of the Association's Municipal Securities Committee. For this reason, we shall touch but briefly here on the contents of the report.

The Committee's primary topics, naturally, concerned the efforts of the Federal administration to tax municipal bonds and the attempt of the Securities and Exchange Commission, via its proposed rule X-15C1-10, to include the municipal field within the realm of its regulatory powers.

With reference to the SEC proposal, the Committee pointed out that the rule, as applied to municipals, could not be effectively or efficiently complied with and that it would be impractical and unworkable; and (2) that it would be injurious to both large and small investors, to the States and their governmental units, which means the public interest as a whole, and to the industry engaged in purchasing and marketing municipal securities and otherwise serving municipalities and investors.

The Committee further contended that application of the rule to the municipal transactions would be in violation to the intent and purpose of Congress in its enactment of the Securities Exchange Law, as originally written and as subsequently amended.

Turning to the matter of tax immunity, the Committee said that the renewed effort this year to tax State and municipal securities without the consent of the States under the guise of a war necessity, disclosed that underlying this effort "are reaches far beyond limiting the levy solely to the income from future issues," and went "far beyond raising revenue for the Federal Government." It added that the attempt to tax municipals "reaches the very foundation upon which our dual form of government is based."

In conclusion, the Committee summed up its opinion on the tax matter in these words: "A change in our form of government of so drastic a character as proposed should not be attempted by any other means than a constitutional amendment. The constitutional method would afford the people of our country the opportunity to measure the effect and give consideration to all phases of the change, as well as the opportunity to express themselves concerning it.

Chicago Sanitary District Plans Refunding Sale

The Board of Trustees of the Chicago Sanitary District, Illinois, will meet today (Thursday) to authorize the sale of an issue of $2,500,000 refunding bonds to provide a portion of the money needed to redeem outstanding obligations which become callable next Jan. 1. Tentative date for the receipt of bids on the issue is Nov. 23.

Ross A. Woodhull, President of the Board of Trustees, said a total of $10,039,500 of present outstanding bonds will become callable on the first of the year. Of this amount, the district is planning to pay off $4,125,000 from cash on hand. Of the total amount optional on Jan. 1 are $1,106,000 of 4¼s of 1955 and $1,394,000 of 4s of 1955. These bonds will be paid off from the proceeds from the sale of the refunding issue.

These redemptions will leave $3,414,500 of bonds optional Jan. 1 unpaid. An additional $250,000 in bonds become callable next July 1. Mr. Woodhull said the entire $3,664,500 would be redeemed on July 1, according to present plans of the district.

These redemptions will cut another big slice from the steadily decreasing total bonded debt of the district. The Treasurer's statement on cash receipts and disbursements for the third quarter of the year showed that the district had total bonded indebtedness of $107,120,390 as of Sept. 30. This compared with $114,314,890 on Sept. 30, 1941.

Net redemptions planned to be effected by the district will cut total indebtedness to slightly above $98,000,000 next July 1. The district has no actual maturities until 1955. In 1935, when it accomplished a large refunding operation, the district had $140,000,000 in bonds outstanding, and since that time it floated $10,000,000 in bonds to provide new capital.

Iowa To Redeem 1943 Primary Road Maturities

Administration officials of the State of Iowa have predicted that

(Continued on page 1541)

THIS was New Model Time . . .

THIS was new model time. Other Octobers, the automobile industry would be unveiling sparkling new values in a strictly American custom which everyone—young and old, rich and poor—enjoyed.

The well known, serious fact was that, each year, the automobile industry spurred by a vigorous spirit of free competition and "divine discontent" would offer the public new and better value—lower prices—often both.

The public not only gained by getting more for their dollars, but also the public took a friendly interest in the mystery, excitement and revelations of new model time. All Americans are car fanciers; only the elite of Europeans have been.

Symbolic of America

In the spirit of wholehearted patriotism, the people of America have given up, among other things, the annual pleasure of buying a new car. The need for and the value of devoting automobile factories, personnel and management abilities to the production of war materials is self-evident. Automotive engineering and production talents are repeating their peace-time achievements with better products, lower costs—frequently both—for America's Victory effort.

These great institutions—which are now doing so much, so well and so expeditiously—were a special pride of America in the peace years and are even more so today. They were big, successful and progressive before the war because American people enjoyed the custom of buying a new model car every year. Not everybody did buy one—but nearly everybody wanted to.

It was symbolic of the American pattern of free ambition and free opportunities—free ways of living—that we are all fighting to preserve. Other years at new model time the new car was a kind of progress report to the public by the automobile company.

Report of Progress

At new model time, the public would decide if a company such as Chrysler Corporation merited continued confidence and was entitled to get the sales and profits needed by the organization to keep on progressing.

Although we have no new models to announce this year, we have good news to tell about past models in people's hands. Plymouth, Dodge, De Soto and Chrysler dealers report that the old ones are standing up very well. Major repairs are not numerous. More than 70 per cent of all their service orders are for lubrication, minor adjustments, small replacements and body repairs. The quality and long life engineered into these cars are proving themselves.

Plymouth, Dodge, De Soto and Chrysler dealers are playing an important part in car conservation. They have the experience, special equipment and replacement parts for this transportation maintenance work.

These dealers have the "know how" for the car and truck conservation that is so important today.

The anxieties of the nation are divided chiefly between the activities of our troops and the production of war materials in the factories. Certain items of war equipment are scarce; tremendous energies are being applied to getting them produced. Impressive results in production are being accomplished and, we are confident, will be.

The American way will win! The American way is to apply the superior courage, honesty and intelligence of free men to a task and *get it done*—better than was thought possible!

*THE FACTORIES SERVE
with War Materials
Production*

PLYMOUTH · DODGE
FOR VICTORY
DE SOTO · CHRYSLER

*THE DEALERS SERVE
with Transportation
Maintenance*

. . . *Divisions of* CHRYSLER CORPORATION

IBA WAR FINANCE CONFERENCE

31st Annual Meeting Studies War And Post-War Problems

Fleek Declares Investment Business Paramount To Nation; Urges Simplifying SEC Procedure

(Continued from first page)

we can to the United States Treasury in its war financing.

"It is altogether appropriate to close our Association year with a War Finance Conference; for the over-all policy of this administration was determined by your unanimous vote on Dec. 5, 1941, just prior to the time your present officers were inaugurated. The resolution which you passed reads as follows:

1. That in this time of national emergency, we again pledge to our Government the allegiance and full support of the Investment Bankers Association of America.
2. That we are vitally concerned in the success of the sale of defense bonds as a most important part of the national defense effort; and
3. That we offer our services and facilities freely and wholeheartedly to the United States Treasury in its campaign to sell these bonds, and also in any other manner of activity wherever and whenever we can serve.

"On that date this act was very significant in showing the national point of view and the patriotism of the people in the investment banking business; two days later, on Dec. 7, your mandate, already a matter of record, immediately took first place in governing the subsequent activities of our Association.

"This has been a difficult year for all of us. War is a devastating calamity at best; and for investment banking it brings drastic displacements and curtailments. For these reasons you are all the more to be commended for so willingly volunteering to take time from your ordinary business to sell Government securities.

"But with reference to our business discussions, I wish to emphasize the point that it is also our patriotic duty to keep our organizations going—despite all discouragements and interruptions. This requires consummate resolution and resourcefulness. The IBA is mindful of the continuing problems and seeks to aid the industry in meeting them and attempting to find their solution.

"Investment banking is an indispensable function in our national economy and its efficient machinery needs to be maintained not only for essential services during the war, but for its vital role in the post-war period of world rehabilitation and the conversion of industry to peace-time production.

Part I

"It is a truism that in unity of purpose and cooperative effort lie our strength and our salvation. The war has brought this forcibly to our attention; and I believe that despite certain appearances to the contrary, the several elements in the so-called securities industry, viz., the exchanges, the over-the-counter business, the underwriting of corporate and municipal issues, have shown as never before a willingness of work together for the welfare of all and survival of the business as a whole. This movement, in my opinion, has been greatly accelerated by the efforts of the entire industry to aid in war financing.

"We of the principal national associations have had many meetings in Washington and elsewhere to promote the sale of Government bonds. (The principal organizations of this industry of national scope to which I refer are NASD, NYSE, ASEF, the Government Securities Group and the IBA.) Beginning in January we started our conferences with the Treasury and such conferences have demonstrated a high spirit of cooperation without a trace of competition for publicity and flag waving. It is natural and proper that these frequent meetings to help organize a united industry for war financing should result in a better understanding of our several problems and a more united effort in solving them.

"I wish to give credit to my colleagues in these other Associations for their attitude in these matters. I refer particularly to Emil Schram, President of the New York Stock Exchange; James F. Burns, Jr., who has just retired as President of the Association of Stock Exchange Firms; the officers and executive committee of the National Association of Securities Dealers — Messrs. Dewar, Baird, Fulton, and the others, and to D. Rich of the Government Securities Group.

"We have explored many ways and means by which we could better serve each other, as well as the investing public, and American industry as a whole. There is no point in striving in a narrow sense for personal aggrandizement or attempting to grasp credit or advantage for one group of officials or one separate association, or segment of the business. The leading men in this industry know that no one element or segment can for long profit at the expense of the other. All elements should be strong. What is harmful to one eventually has a deleterious effect on all.

"Furthermore, I wish to express appreciation of the greater spirit of cooperation on the part of the regulatory bodies, both State and Federal. Evidence is growing that there is a distinct trend to promote the more objective methods of the conference table in discussions between the regulators and the regulated. This is most important in its benefit to the public, at this time, of all times, when an already overburdened industry s struggling to do its ordinary business, now greatly restricted, and simultaneously to give freely of its time to further the sale of Government bonds! With the full realization of their duty to protect investors, the war has made all parties, i. e., both regulators and the regulated, realize that the working hours of the limited personnel now available to the business, needs to be conserved for the serious job of individual and national survival. It must not be needlessly expended in red tape and confusing complexities of rules and regulations. The preservation of this business, as a vigorous and going concern, is of real national importance; and no additional burdens and restrictions should be placed upon it.

"As for the State Securities Commissioners, for 30 years we of the IBA have had the privilege of working with them and with their national association. We know from long experience of the noteworthy achievements which the State Commissioners and their Association have accomplished in the public interest, not only to protect investors but also to encourage legitimate business in the financing of industrial and community growth in the several States. Over the years great strides have been made in bringing more uniformity in registration statements, regulations, miscellaneous forms and definitions, simplifying the work of investment dealers in many States, and eliminating much wasteful dupli-

(Continued on page 1532)

IBA PAST PRESIDENTS

1941-42

John S. Fleek

1939-40-41

E. F. Connely

1938-39

Jean C. Witter

Housing Authority Bonds

$175,000	Atlanta, Ga.	1.80s	1951-55	1.30-1.50%
37,000	Buffalo, N. Y.	2s	1963-64	1.70
200,000	Buffalo, N. Y.	1.90s	1965-69	1.70-1.80
18,000	Camden, N. J.	2¼s	1944-45	.70- .90
21,000	Charleston, S. C.	2¼s	1959-61	1.85-1.90
23,000	Dallas, Tex.	2s	1962-63	1.75
35,000	Dallas, Tex.	2s	1977	@ 99
30,000	Fresno, Cal.	1¾s	1946-52	.90-1.35
25,000	Fresno, Cal.	1½s	1953-57	1.40-1.55
25,000	Hartford, Conn.	1.90s	1973-74	1.85
55,000	Houston, Tex.	2s	1962-63	1.75
25,000	Houston, Tex.	2s	1966	1.85
25,000	Houston, Tex.	2s	1972	@ 100
11,000	Houston, Tex.	2s	1983	@ 98½
16,000	Los Angeles, Cal.	2s	1947-48	1.05-1.15
40,000	Los Angeles, Cal.	1.90s	1949-51	1.25-1.35
100,000	Louisville, Ky.	2¼s	1964-67	1.90
20,000	New Orleans, La.	2.20s	1954	1.70
20,000	New Orleans, La.	2¼s	1960-61	1.90
25,000	New York City	2¼s	1969-71	1.95
100,000	Philadelphia, Pa.	2s	1961	1.65
25,000	Pittsburgh, Pa.	2s	1953	1.40
40,000	Pittsburgh, Pa.	2s	1956	1.50
125,000	Pittsburgh, Pa.	1.80s	1964-66	1.75
15,000	Quincy, Ill.	1¾s	1952-53	1.45-1.50
16,000	Quincy, Ill.	1½s	1956-57	1.60
36,000	Reading, Pa.	4½s	1946-47	.90-1.00
120,000	Reading, Pa.	2¼s	1948-51	1.10-1.25
100,000	Reading, Pa.	1.70s	1967-72	1.70-1.75
175,000	Reading, Pa.	1.80s	1973-79	1.80-1.85
10,000	Twin Falls, Idaho	1¾s	1955-58	1.60-1.65
10,000	Yonkers, N. Y.	2.10s	1978	2.00

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J. N. Whipple, New IBA President, Foresees Great Period Of Post-War Expansion

Jay N. Whipple, partner of the Chicago investment house of Bacon, Whipple & Co., upon being elected President of the Investment Bankers Association of America at the closing session of its annual meeting in New York last week, said that he expected "the greatest period of expansion and progress the world has ever known" after the war. For that expansion, he said, industry will need capital in amounts that will dwarf previous industrial financing just as the present war financing dwarfs amounts raised for other wars. He told the investment bankers to look ahead to the part they will have in financing war-born scientific and technological developments in industry to get inspiration for greater efforts in helping the Treasury raise the billions needed for winning the war.

Jay N. Whipple

The Association's annual meeting, which opened on Oct. 19 and which closed with Mr. Whipple's election, was in the nature of a national sales conference on war bonds with Treasury officials and the heads of the War Savings Staff and Victory Fund Committees taking a leading part in discussing means and methods of stimulating the sale of Government securities. In assuming office, Mr. Whipple said:

"If I talked about what is most on my mind, I would continue the discussions of yesterday's war finance conference, probably to the point where you might think of me in terms of the doctor who was participating in a discussion of the question of prenatal influence at a convention of the American Medical Association. The majority, after citing a **great** many cases illustrating the point, had agreed that the prenatal experiences of a mother had an important effect on the expected child. This one doctor still disagreed, however, and to prove his point explained at great length that three months before he was born his mother had stepped on a phonograph needle which had gone so far into her foot the doctors were unable to remove it. As you know, a piece of metal works its way through the tissues and may come out almost any place on the body. He went on to say, 'Despite this horrible experience of my mother's, there's nothing the matter with me.'

"In view of the necessity of surviving so that we may be available to serve our country and its millions of investors in war, it is perhaps not inappropriate that we consider briefly this problem of survival, and what we may reasonably expect of the future.

"There never was a time when the law of survival of the fittest operated more inexorably. But, for that matter, there never has been a time when it didn't take imagination, initiative, and hard work to succeed in this business. The fact that you are here today indicates that so far you have been able to adjust your organizations to meet current unfavorable conditions, and that you propose to carry on. It also suggests that you see in the period following the war an opportunity limited only by your capacity.

"Nevertheless, no one of you would refuse to join the 2,000 from our ranks who have already become members of the armed forces or gone into work directly connected with the war, if the opportunity for service prescribed such a move.

"Because we may find inspiration for the job we have undertaken through the Victory Fund committees, let's indulge ourselves momentarily and look ahead to the time of peace. In doing this, let's adopt a constructive viewpoint—one that recognizes the necessity of change—and at the same time direct our thinking and later our actions so that, within our ability to control them, the changes that do occur will result in definite progress. Let no one be able to accuse us of being defeatists and reactionaries, but rather let us exert our influence in behalf of progress.

"First, we must and we can assume that a victorious peace is inevitable, and secondly, that a victorious peace will guarantee a system providing for freedom of enterprise. What are the implications we are justified in drawing from these two assumptions? I believe that the post-war era will be the greatest period of expansion and progress that the world has ever known. Our provincialism and isolationism as a nation and as a people will be a thing of the past, and our viewpoint will be international. Dr. Charles Stine, a Vice-President of duPont, in a paper, 'Beyond All Present Vision' (which was digested in the current issue of 'Investment Banking'), points out some inspiring facts, probabilities and possibilities as to future scientific and technological developments of industry that we may have some part in financing.

"Moreover, because the profit motive is essential to progress, it is my belief that private enterprise and private financing will **not** be replaced, except in certain necessary circumstances, by public ownership and government financing. As long as we have private ownership of business, it is necessary that a market be provided to permit the purchase and sale of this ownership as represented by stocks. Providing a market for these and the obligations of business, as represented by bonds, is our job, and an important one.

"Some indication of the amount of capital that may be necessary to re-equip industry for peace may be obtained from the amount being required to equip it for war.

"During 1941 alone, capital outlays for new manufacturing plants and equipment were nearly $6,000,000,000. According to figures compiled by the National Industrial Conference Board, that is **more** than the **combined expenditures** for the five years from **1925 through 1929.** It is probably fair to assume that only a portion of the productive capacity resulting from those expenditures will be useful in peace time and that a large part will require additional capital for conversion to the production of goods for the huge deferred civilian demands.

"Just as the amounts raised by our Government to finance this war dwarf the amounts raised to finance any other war, so it is reasonable to expect that the demands for capital to finance the peace—both from this country and abroad—will far exceed anything in our previous experience.

"Furthermore, investment bankers have played an important part in the reconstruction periods following every war in which this country has been engaged. Trading on the New York Stock Ex-

(Continued on page 1528)

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1936-37

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1935-36

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Commercial Banks Essential To War Financing Declares Bell Of Treasury At IBA Conference

Consideration "of the place of the commercial banks in our financing program" was brought before the Investment Bankers' Association of America, at its War Finance Conference in New York last week by Under Secretary of the Treasury Daniel W. Bell, at which time he pointed out that "we must not delude ourselves that the financing of a total war can be merely a money market operation."

Daniel W. Bell

"Total war" he declared, "requires total effort and total sacrifice, and the financial front can be no exception." "Taxation," said Mr. Bell, "must form the foundation of any program of war finance;" he went on to say that "revenue raising alone does not however, constitute the whole of the contribution taxes can make to the successful financing of the war. Successful war finance," he said, "requires fairly stable prices, and wise policy will help maintain them." In advocating Secretary Morgenthau's spending tax proposal, Mr. Bell said "Spending must be reduced drastically if the prospective supply of consumers' goods is to 'go around' at the present price level. What could be more reasonable, therefore, than a progressive tax that would give an incentive to saving and put a penalty upon spending—the very thing that must be reduced? This is what Secretary Morgenthau proposed last month with the spending tax."

Mr. Bell told the conference that "we must recognize that the commercial banks will be called upon to finance a large share of the deficit—in fact, a share of unprecedented magnitude." In part he added: "In the months—perhaps years—to come, it is important that the banks preserve a maximum of liquidity. To help them to do so, we have decided that securities sold to the banks should have a range of maturities running from 3 months, in the case of Treasury bills, to 10 years, in the case of Treasury bonds. . . .

"In addition to this large increase in bills, we have also revived the use of another short-term security—the certificate of indebtedness.

"It may seem at times that banks are being discriminated against in not being permitted to subscribe for longer-term securities which bear higher interest rates than 2%; but this is not the case. The Government would certainly be doing the banks no favor if it permitted them to load themselves with long-term issues. . . . I think all of you will agree that a frozen banking system trying to become unfrozen after the war by selling long-term Government securities might create a bad situation."

While stating that "we all realize that a great deal more remains to be done in financing the deficit as far as possible from outside the commercial banking system," Mr. Bell said that "to the extent, however, that we must resort to the commercial banks, it is imperative that interest rates be kept at prevailing levels and that the maximum of liquidity be preserved."

Mr. Bell's address which was delivered at the dinner meeting of the Conference, follows in full:

Nearly a year ago, you, Mr. Fleek, and the heads of other financial associations of the country came to us and offered the services of their members to the Treasury. Since then our work together has grown into a relationship which has become genuinely important in the financing of this war.

The activities of the Victory Fund Committees, organized and staffed largely by the bankers and investment bankers of the country, have been of vital assistance in our Government financing operations. You have given your help generously and patriotically, and I am glad, Mr. Fleek, that you have offered me this chance to say so. I know that this also expresses the sentiments of Secretary Morgenthau.

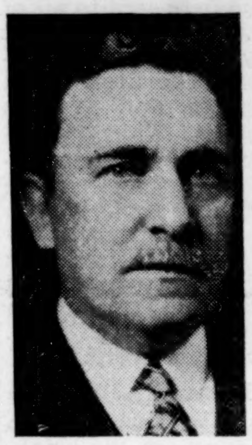
I am especially glad to be on this program and at this table with Ambassador Grew. His path and mine may seem at first sight to lie far apart—his in diplomacy, mine in fiscal fields. Yet there is one road that both the Ambassador and I have travelled together. We belong to that small company of Government officials who served during the first World War—or at least part of it—in the same Federal Departments in which we are serving today. Mr. Grew was then Counsellor of our Embassies in Berlin and Vienna, and later at the State Department; I was serving in the Treasury Department. For each of us the experiences of that other war of 25 years ago have provided a standard of comparison for judging the war effort of today.

The financial problems of the

(Continued on page 1534)

IBA PAST PRESIDENTS

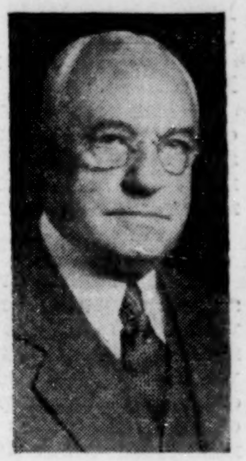
1934


G. W. Bovenizer

1932-33

Frank M. Gordon

1931-32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Bid-Asked Disclosure Rule Declared Detrimental To Municipal Securities

As among developments of special import during the year relating to municipal securities, the proposed bid and asked disclosure rule of the SEC (X-15C1-10) was cited as one of the two such matters of importance in the annual report of the Municipal Securities Committee of the IBA, presented at the Association's annual meeting in New York. The report sees the rule as having an injurious effect on State and Governmental units, and likewise on investors and the industry itself. We give the report herewith, signed by Robert C. Webster as Chairman:

"During the year there have been two developments relating to municipal securities of special import to the states and their governmental units. Inasmuch as we consider it essential to review at this time one of these subjects to a considerable extent, we will limit this report to these two matters. They are:

1. The proposed rule of the SEC X-15C1-10.

2. The renewal of the efforts to obtain by statutory enactment authority for the Federal Government to levy upon the income from state and municipal bonds.

Proposed SEC Rule X-15C1-10

"This proposed rule which was submitted to the business for review and comment has been carefully studied by our members, and we have prepared a statement descriptive of the practical effects of the rule in its application to municipal securities. It is expected that this statement will be submitted to the Securities and Exchange Commission at a comparatively early date.

"We believe that the Commission, upon its examination of the proposed rule, will recognize that in practice:

1. It could not be effectively or efficiently complied with and that it would be impractical and unworkable.

2. It would be injurious to:

a. The states and their governmental units which means public interest as a whole;

b. Investors—large and small;

c. The industry engaged in purchasing and marketing municipal securities and otherwise serving municipalities and investors.

3. And furthermore, that it would be in violation of the intent and purpose of Congress in its enactment of the Securities Exchange Law as originally written and as subsequently amended.

"It is also expected that the legal phases of the proposed rule in its application to municipals will be discussed with the Commission by David Wood of the law firm of Thomson, Wood & Hoffman, New York City. A copy of a memorandum on this phase of the subject prepared by David Wood was previously sent to all of our members. For subsequent reference, copy of this memorandum appeared in 'The Daily Bond Buyer' of Aug. 28, and in 'The Bond Buyer' of Aug. 29.

"Another informative memorandum on the legal aspects of the subject was prepared by Caldwell, Marshall, Trimble & Mitchell, attorneys, New York City. This memorandum also appeared in 'The Daily Bond Buyer' and in 'The Bond Buyer,' issues of Sept. 11 and Sept. 12 respectively.

Tax Immunity

"In our report of last May to the Board of Governors, we briefly summarized developments duing the forepart of the year in the renewal of the effort to gain Federal authority to tax state and municipal securities without the consent of the states in the form of a constitutional amendment. That effort was renewed this year under the guise of a war necessity, and the proposal embraced outstanding bonds as well as those of future issues thus disclosing, as had been feared all along, that underlying this effort are reaches far beyond limiting the levy solely to the income from future issues.

"By way of review the Ways and Means Committee of the House announced on May 15 its rejection of the proposal with respect to both outstanding and future issues. The Senate Finance Committee, however, while rejecting the proposal to tax outstanding bonds concluded to submit the matter of taxing future issues to the Senate and accordingly wrote into the bill a section so providing. After an extensive discussion of the subject on the floor of the Senate on Oct. 7 and 8, this provision was stricken from the bill by a vote of 52 to 34. It will be recalled that in the Senate in September, 1940, an amendment was proposed to a then pending revenue measure which would have authorized the Federal Government to tax the income from future issues of state and municipal bonds. The proposal at that time was also voted down.

"During the recent discussion in the Senate on the subject, Senator Davis of Pennsylvania, stated and we quote from the Congressional Record:

" 'I see the pattern of the Treasury Department's future action. Once they succeed in ramming this provision down the throats of this Congress they will be back here within two months pleading with you and me to tax outstanding bonds in order that they may obtain additional Federal revenues. They will remind us again of the all too familiar taxpayers. Mr. A, Mr. B, and Mr. C, who are receiving from $600,000 to $800,000 in tax-free municipal interest.

" 'Then having opened the door by taxing future and outstanding issues, it will be simple for the Treasury Department to urge us to impose corporate taxes on the revenues of municipalities, and all proprietary functions of State and municipal government.'

"Senator Connally of Texas during his discussion stated:

" 'There is no more potent instrumentality of any governmental organization than the taxing power. It goes right to the life and the heart of any political system. If the Federal Government can, by a process of taxation, lay a burden on one of the States or all the States, it can unbalance the dual system which we enjoy.'

"Senator Burton of Ohio in his discussion said:

" 'My final point is the general undesirability of Federal influence upon local finances. Even in normal times this would throw the smaller community upon the Federal Government for the reason I have indicated.

" 'Furthermore, if the Federal Government can thus tax the income from municipal securities, it can classify that taxation so as to tax certain municipalities or certain kinds of organizations or certain kinds of income. It could place one rate of tax on one kind of municipalities and then exempt the income from the securities of some other types of local government. If the Federal Government has the power to tax income from municipalities in that way, it can tax it in such degree and manner as it wishes. We should then find the Federal Government thereby having the opportunity to discriminate between communities of the United States which they wish to finance and those that they may not wish to finance. We would then be in more danger than ever from the effects of Federal bureaucracy.

" 'No step that we take now should be taken in a direction which would permit the increase of Federal control over local government. To my mind it is perfectly clear that in these times Federal control of local government inevitably merely spells bureaucracy, which has in it many of the vices of dictatorship itself. On the other hand local control over local communities spells independence and is filled with the vital virtues upon which free government is built.'

Will There Be A Renewal Of The Attack?

"Clearly efforts to force the issue by the statutory method are costly and take the time of Congress, and of state and municipal officials and others from their essential duties—more than ever important in a war period.

(Continued on page 1533)

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1930-31

Henry T. Ferriss

1929-30

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1927-28

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Airplane Supplements, Not Supplants Railroads Says Patterson, Speaking To IBA Committee

While conceding that "the future of the airplane in commerce is indeed great," W. A. Patterson, President of the United Air Lines Transport Corp., states, however, that "it appears that this future will be realized without serious embarrassment to the steamship lines or to the railroads." According to Mr. Patterson "it would appear that the airplane cannot supplant, but instead will supplement the railroads." Mr. Patterson's views were presented in a statement, under the title, "Will the Airplane Supplant the Railroads?" which formed a supplement to the report of the Railroad Securities Committee of the IBA, presented at the Association's annual meeting. Mr. Patterson's statement follows:

W. A. Patterson

"The importance of the airplane as a combat instrument in modern warfare and as a transport medium for the strategic movement of critical supplies required in the conduct of war is well known and cannot be overemphasized. Consideration of these facts gives natural rise to enthusiastic speculation regarding the post-war possibilities of commercial air transportation. Visions of huge air liners and towed glider 'sky trains' carrying a major share of the world's commerce over sea and land are everywhere being publicized today in newspaper and magazine articles and in public utterances.

"When using present wartime publicity as a basis for evaluating the peacetime future of commercial air transport it should be remembered that the dollar sign is a very unimportant part of the wartime transport formula. In peacetime commerce, however, the dollar cost of transportation becomes all important. In order to accomplish transportation by air it is necessary to pay the cost of overcoming the force of gravity in addition to the cost of forward propulsion. It is very easy to run into a situation where the weight of aircraft fuel required exceeds the weight of the payload that can be carried. In some operations, in fact, the capacity of surface carriers needed to supply fuel for an air operation would be more than sufficient to accommodate the air cargo in the first place. At present the cost of transport by air is between thirty and fifty times the cost of transport of the bulk of commodities by surface means.

"Undoubtedly, future technological development will make possible a great reduction in the cost of flying an airplane. But the aircraft industry has by no means a corner on all the brains in the country. The railroads too can, and undoubtedly will, cut their costs by means of engineering and operating advances permitting greater speeds and increased plant and equipment utilization. In aviation, operating costs are higher in relation to fixed costs than in other forms of transportation and therefore increased volume should have a lesser importance among the possibilities for cost reduction. While towed gliders have a significant strategic importance in combat operations, and may find application in certain commercial situations, the 'sky train' cannot be relied upon as a producer of tremendous savings in the cost of moving things by air. There appears to be no magic cost saving in cutting an airplane up into little pieces and then tying the pieces together.

"Compared to other transport media the airplane can claim a rate premium based largely on the value of the time it saves. An individual is easily persuaded that his time is worth the added cost of air travel, especially when this factor is considered in conjunction with convenience, comfort, and such other intangibles as the romance and prestige associated with travel by air. But an inanimate piece of cargo presents a different problem. Here the time saved must be business time, and it must be strictly worth the saving. A large number of important centers are served by overnight surface transport — what advantage is to offset the higher cost of the airplane there? And for the large bulk of commodities, speed in transit is a relatively unimportant consideration, the most important factor being the rate of flow, merely the laying down at destination of a given number of tons per month. The airplane cannot hope to compete in this field, which constitutes by far the majority of the cargo now transported by the steamships and the railroads.

"The future of the airplane in commerce is indeed great, but it appears that this future will be realized without serious embarrassment to the steamship lines or to the railroads. The volume of domestic air cargo could increase one hundred-fold and yet capture only one-tenth of 1% of the freight ton miles now carried by the American railroads. And that is without considering the airplane's real contribution to the picture, the creation of its own market, the people and the merchandise that could never move at all were it not for the speed in transit that the airplane makes possible. Our economy demands the services of all the various types of transport media, each fulfilling the requirements peculiar to its own inherent characteristics. It would appear that the airplane cannot supplant, but instead will supplement the railroads.

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1926-27

Pliny Jewell

1925-26

Ray Morris

1924-25

Thomas N. Dysart

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Methods Of Meeting Government's Needs For Funds Discussed at IBA Conference

As part of the War Finance Conference in New York of the Investment Bankers' Association of America, Marriner S. Eccles, Chairman of the Board of Governors of the Federal Reserve System, and Allan Sproul, President of the Federal Reserve Bank of New York, were among others of prominence who participated in discussions on Oct. 19, dealing with the necessity of meeting the Government's financial needs through increased war bond sales to the public and additional taxes. Mr. Eccles who, it was noted in the New York "Journal of Commerce" of Oct. 20, was not listed among the speakers, was invited to address the meeting of 300 delegates at the invitation of President John S. Fleek, of the IBA; speaking extemporaneously he told the gathering that we are raising only 6% of the cost of war by taxes and that we should do as good a job as England and Canada which are raising half the war cost in this manner. He stated that these countries are raising half the increase in their debt outside the banking system and in this respect, too, we should equal this record. With increased spending power and less goods to buy, people have no place for their funds except in Government bonds, he declared.

In the same paper it was noted that President Sproul of the Reserve Bank, in discussing the work of the Victory Fund committees which he helped to organize, stated that these committees have no fixed objective, but that if there was an objective, it is the $48,000,000,000 that must be raised somehow this fiscal year. The "Journal of Commerce" further reported Mr. Sproul as follows:

"He said that war expenditures will exceed tax collections by $63,000,000,000 during this period, of which approximately $15,000,000,000 will be raised by bonds and special issues and raising the balance was the job of the Victory Fund Committees.

"Banks will have to double their present holdings of bonds by next June 30, he said. Reliance cannot be place entirely in big prospects, however, he declared, and at least half the necessary funds should be obtained outside the banks. This will require an integrated selling program which can and must be set into being so that various voluntary groups will co-operate instead of conflict in the great educational program that will be required to sell war issues to all income groups."

The paper quoted likewise indicated Nevil Ford, New York State administrator of the war savings staff, as saying that an objective has been set for the State of $1,750,000,000 in sales and that thus far 17% of all war savings bonds have been sold in New York State. As to his remarks the "Journal of Commerce" stated:

"This has been accomplished by pay roll savings plans and 'good old-fashioned shoe leather selling of F and G bonds,' he said.

"Concerns adopting the pay roll deduction plan have increased to 40,000 by Sept. 30 over 2,024 at the start of the year, he stated. Of these companies 15,000 have 100% employes participation.

"He declared that the major problem was one of educating people who are not ordinarily reached by bond salesmen, and that work among churches, fraternal organizations and the like is producing surprising results."

Others to address the gathering according to the paper indicated, were Robert W. Sparks, consultant to the War Savings Staff of the Treasury; Aims G. Coney, Vice-President, National City Bank of Cleveland; Edward C. Bendere, Executive Manager, Victory Fund Committee, Philadelphia; George Buffington, Assistant to the Secretary of the Treasury, and Arnold Grunningen, Executive Manager, Victory Fund Committee, San Francisco.

Sees Great Period Of Post-War Expansion

(Continued from pge 1523)

change started in Government bonds sold during the Revolutionary War, and the body of investors created by the financing of the Civil War furnished a substantial part of the capital for the great era of railroad building that followed. It is estimated that 23,000,000 people invested in Liberty Bonds during 1917 and 1918. So far in this war, the number of individual pieces of "E," "F" and "G" bonds already issued exceeds 90,000,000, against a total of 96,000,000 pieces of all issues during the last war. As of the first of this month, 19,500,000 employees were on payroll deduction plans for a regular program of bond buying.

"These people are now capitalists, and your potential customers for securities other than Government issues after the war. All of them feel a sense of interest and ownership in the Government as a result of their purchases of its obligations and they will be increasingly conscious of their responsibilities as citizens and more active in presering an economic system which will safeguard their investments. They will be the first to oppose Communism, Socialism or any other 'ism' which threatens to destroy these investments.

"I know a lawyer in Chicago who was surprised to find that his chauffeur had developed Communistic inclinations. Shortly after learning this, on some special occasion, the man gave his chauffeur one share of General Motors stock. The effect of this ownership in a private enterprise was to convert this man immediately to a capitalist. He felt so strongly about his proprietary interest in General Motors that when a sit-down strike occurred in the Buick plant he was raging mad and saw no excuse for it whatever. His new interests had been adversely affected.

"I have been told by other and better doctors than the one whose mother ran a phonograph needle in her foot, that in cases of serious illness, one of the most important factors in determining the outcome is psychological—that is, whether the patient is so sick and tired of it all that he is passive and ready to die, or whether he still retains a vital spark of hope and the determination to live.

"The members of this Association who have survived the destructive forces working against us during the past 13 years and who, today, stand ready and eager to devote their time, thought, and energy to the sale of Government securities, have demonstrated convincingly their determination to live and play a part both in the war of today and in the peace of tomorrow."

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1920-21

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Restoration Of Credit Of Railroads Of Prime Importance To Free Enterprise

That "the war is demonstrating in a most emphatic manner how vitally important the railroads are to the country" was noted in the report of the Railroad Securities Committee of the Investment Bankers Association of America, presented at the latter's annual meeting in New York. The Committee, under the Chairmanship of John S. Loomis, of the Illinois Co. of Chicago, emphasized that the railroads "are a national necessity, and it is most important that our total railroad plant be preserved, maintained and enlarged" both for "future national emergencies" and "all periods of general business activity."

The report follows in full:

"The Railroad Securities Committee at this time is more interested in War Bonds than in Railroad Bonds. Everyone is and should be. However, we are submitting this brief report as an opportunity to point out again that private capital must realize that the restoration of the credit of the railroads is of prime importance to the maintenance of our capitalistic and free enterprise system.

"The present continued lack of interest on the part of private capital and the pessimistic attitude toward railroad securities in general, as expressed by some financial services, some insurance companies, some banks and a great many individual investors would be more alarming if we did not have reasonable grounds to look for a favorable change. We hope this change will occur because we would hate to see government ownership of the railroads and the far reaching consequences that would follow.

"The war is demonstrating in a most emphatic manner how vitally important the railroads are to our country. They are a national necessity and it is most important that our total railroad plant be preserved, maintained and enlarged—not only for future national emergencies but for all periods of general business activity. This cannot be done unless their credit is properly restored and a proper market again created for their securities.

"Where would we be today if that part of our railroad plant that was not being used a few years ago had been junked and the securities representing it wiped out? That was the solution that was at that time suggested by a great many people. A recent editorial in 'Railway Age' says: 'A realistic national transportation policy must recognize the national necessity of maintaining for periods of national emergency a large and efficient railway plant—even if in other periods a large part of it is to be considered merely "stand-by" plant. It must also recognize that such a plant cannot be assured in periods of emergency unless in all periods there is available enough income to provide and maintain it—including the "stand-by" part, if such a part there must be.'

"We all know that gross revenues of the railroads are making new highs and it is also true that the companies have placed themselves in stronger financial condition than ever before. All of this, however, is ignored by investors. Few are interested in these high earnings because they are considered temporary and due entirely to the war production program. Earnings may not continue at the present high rate after the war, although we must remember that the railroads will have to play a very important part in the general world-wide rehabilitation program that will follow. Therefore, we can reasonably expect earnings substantially better than seem to be indicated by the present investment opinion of railroad securities.

"The answer to the present pessimistic attitude seems to lie in the fear of increased and ruinous competition after the war — principally from the air lines. Of course the railroads will lose some light freight traffic and a lot of passenger traffic to the air lines and we predict a great development in this form of transportation. However, we believe that much too fantastic pictures are being painted. Our imaginations are being stimulated and it becomes easy to exaggerate the possibilites of cargo planes in moving large volumes of freight. There still is also a tendency to exaggerate the loss of business to the trucks—most of which took place some years ago.

"The backbone of the railroad business has been the long haul mass transportation of heavy and bulky freight. Neither airplanes nor trucks can compete successfully in this field. The short haul and package freight, although profitable, formed a relatively minor part of the railroad business and this is also true of the passenger business. The financial difficulties of the rails caused by the low earnings of recent years were due primarily to the extensive collapse in heavy traffic.

"Mr. W. A. Patterson, President of the United Air Lines, well known to all of us and recognized as one of the leading authorities

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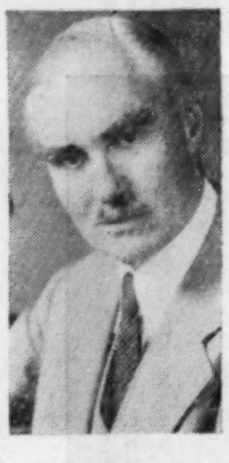
Japan Fights Against Own Welfare Says Grew; Contrasts War Finance Of United Nations And Axis

"Our Japanese enemy," and particularly its activities in the field of finance, were the subject of an address by Joseph C. Grew, before the annual meeting and War Finance Conference of the Investment Bankers Association in New York on Oct. 19. Mr. Grew, who is special assistant to the Secretary of State, and former Ambassador to Japan, described Japan as "fighting counter to her own welfare and prosperity." "We Americans," he said, "may say, without vainglory, but with profound conviction, that no nation in the modern world can take a greater risk than the risk involved in fighting us. It is up to us to show the Japanese leaders, and we shall show them, that war with us is the greatest folly, among many follies, that they ever committed. I am speaking, however, not only of the hazards Japan faces, now that her government has sought this war, but of the succession of mistakes which the Japanese leaders made in leading their country into war."


Joseph C. Grew

Toward the end of his address Mr. Grew said:

"I think that you will agree that the basic issues of this war are political; that they transcend considerations of national financial or economic interest; that the economic systems of the United Nations, whatever they may be, can be reconciled—each one with each of the others—so long as they proceed on the principles of the Atlantic Charter and the subsequent pronouncements of our United Nations leaders.

"The war finance of the United States, of Britain, of China, and of other United Nations differ one from another, but they differ collectively from Axis finance by an unbridgeable gulf. We have a system of free enterprise, which has grown and has become modified by economic and military necessity over the years. Britain has an economy substantially little different from our own. China is committed by both theory and practice to a joint state and individualist economy, according to Sun Yat-Sen's principle of popular prosperity.

"These systems all are in contradiction to the philosophies of aggression nurtured by Japanese and German militarism. The Axis powers have attacked. They think—they may not be as sure now as they were nine months ago—that they will win. **We know** that we will win, and bring freedom—not omitting the basic, practical freedom from want—to all mankind."

At the start of his remarks Mr. Grew referred to the fact that "diplomacy is often associated in the minds of the public with the thought of appeasement." He added: "'Appeasement' is a much used — mostly misused — term which gives rise to many misconceptions, especially as it conjures up the picture of Munich and what happened there and afterwards." In his further remarks he went on to say in part:

"For several years during the middle and late 30's our Government endeavored to avoid antagonizing Japan, notwithstanding the fact that Japan had done a great deal to antagonize us. We do not believe in war, we did not want war, we thought war should be avoided, and at that time we were in no respect prepared for war. Economic pressures in the form of embargoes and other similar steps are a form of warfare and they definitely constitute threats. Now, one of the most fatal errors that can be made in diplomacy is to threaten when one is not in a position to back up one's threats, if need be, by force. To threaten and then to have to back down is fatal to a nation's influence. Action in accordance with this, whether it is labeled 'appeasement' or any other term, is plain common sense. The President, in a published statement last July, made clear certain important aspects of that problem. During my years in Japan I constantly took the position that the application of economic pressure against Japan would inevitably start our relations on a downward course which might end in war, and that under no circumstances should we emmark on such a course unless or until we were prepared to face eventual war. The time finally came when I felt it no longer desirable to follow a negative policy, and at that time I took the position that the question then at issue was not **whether** we must call a halt to Japan's plan of expansion but **when**, for the threat to American vital interests if that expansion should continue was of the gravest nature. Up until then, oil and scrap iron and other commodities had been flowing freely from our country to Japan, but at approximately that time our imposition of embargoes began; and that again seemed to me to be plain common sense, and in my opinion it was with clear manifestation of plain common sense and wisdom that our Government handled the then developing situation.

"The term 'appeasement' is, as I said a moment ago, open to misconceptions. I prefer the term 'constructive conciliation,' and during all the 10 years of my mission to Japan I endeavored to follow a policy of constructive conciliation. That term connotes building, and no one is going to be foolish enough to try to build anything, if he wishes it to be of a permanent character, unless a solid foundation on which to build has first been laid. I constantly tried to lay such a foundation. At times and under certain Japanese governments I was optimistic of success. But these favorable periods proved to be but temporary and in every case such governments failed and were succeeded by Cabinets in tune with the military extremists. All during the summer of **1941** we were doing our very best to lay a solid foundation which would support and insure a structure of friendly relations with the Japanese Government. I constantly pointed out to the Japanese—and our Secretary of State, Mr. Hull, was doing the same—that they had everything to gain and nothing to lose by concluding a reasonable agreement with us and that such an agreement would bring in its wake a return to a free flow of trade and commerce, financial cooperation, and free access to the raw materials of East Asia on a basis of equal opportunity, which would inevitably result in mutual advantage to our two countries, a rising standard of living in Japan, and assurance of future prosperity. These arguments fell on deaf ears. It was found utterly impossible to lay any solid foundation, and those who wanted and who worked to do that were rapidly overwhelmed by the military extremists and pro-Axis elements in the country. Thus the **effort** to reach an agreement and to preserve peace failed and war ensued.

"Please let me add that I had long known of Japan's preparations for war and I kept our Government currently advised of the information which came to the knowledge of my Embassy on that subject.

"During all this time our Government would not and did not connive at or give any assent to the aggressions which Japan had committed and was committing. But the United States **was** prepared to meet every evidence of a Japanese return to goodwill by the substantial evidence of goodwill on our part. We were Japan's most powerful neighbor, and we wanted to be a **good** neighbor to Japan, if Japan herself would be a good neighbor to us, to China, and to the other countries in the Pacific.

"We were prepared to offer the Japanese everything for which her leaders professed to be fighting. We offered them sound trade, on terms advantageous to both countries. We offered them the powerful financial cooperation of the United States toward putting their fiscal house in order. All that we asked was that Japan abandon her militarist aggressions, cease being a bad neighbor in East Asia, and enjoy with us the prosperity that we and they could have found in common. We did not, do not, and never shall assent to Japan's assuming the hegemony of the Far East as a robber and an aggressor.

"The Japanese rejected assurance of the prosperity, the security and the welfare for which they say that they are fighting. They attacked us. They added us to the list of those whom they seek to conquer and to despoil. They attacked us because they did not want the prosperity of honest industry, fair trade and sound finance. They did not want cooperation and peaceful international relations.

* * *

"Our financial system supports a means of production designed to benefit both producers and consumers. Our public finance is intended to pay for government, to pay for the enlargement and maintenance of freedom, and to correct inequities in our economic life. Our international finance is a method of recording and facili-

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tating the actual exchange of real goods and real services. We do not conceive of trade as flowing only one way. For many years, the reciprocal trade agreements policy of the United States has been a complete antithesis to the economics for which Japan and Germany now stand.

"The Japanese people were not twisted from the one economic system to the other in a single night. The change was accomplished within Japan by the rising tide of military fanaticism. The Japanese people have strong traces of zealotry and fanaticism in their individual and their national thinking, but they did not yield to their present totalitarianism without reluctance. They were seduced by their rulers, particularly the military chauvinists—over a period of many years. It is terrible to consider the corruption of a people by its own leaders, its own government.

"The Japaneses leaders had to change the mind of the nation from the practical, simple terms of economics and welfare, to the terms of a mythology of war. The Japanese fight because of ancient dreams and traditional ambitions which they are unable to shake off. They are not bad financiers engaging incidentally in a war; they are military fanatics to whom the power and the glory of conquest appeals far more than the accumulating economic values and the general welfare of peace.

"In 1930, Japan was still a constitutional empire operating on the basis of accepted economic standards and setting a pace for progress which was almost unmatched elsewhere in the world. A succession of civilian governments had promised Japan peace. The naval treaties had assured Japan permanent defensive security in the Pacific, and had made it possible for her people to avoid the ruinous expense of a naval race with us and with Great Britain.

"The turning-point in 1931, precipitated by the attack of the Japanese army on Manchuria, ushered in a campaign which was directed as much against the Japanese people as against the rest of the world. Relying on a fabricated and falsified incident, the Imperial Japanese Army conquered Manchuria without consulting the electorate, or the Parliament, or the Cabinet or the Foreign Office. This action jeopardized the international position of Japan. As Japanese traditionalists, even the strongest industrialists and financiers were powerless to restrict the growth and the operations of the army. Army budgets continued to rise; Army power grew.

"The Japanese invasion of Manchuria eleven years ago, which Tokyo officialdom explained to the world as an economic and strategic necessity, at once led to an alienation of Japan's best customers—China and America—and to a subversion of the domestic business system of Japan.

"That this invasion was not economic in its objective is shown by the fact that the Japanese military authorities in Manchuria tried to set up a curious sort of army socialism. They were not interested in the welfare of the Chinese whom they conquered. They were not even interested in profits for Japanese capital or increased wages of Japanese labor. They concerned themselves only with the procuring and supplying of further materials of war for the Imperial Japanese Army.

"In other words, they made war in order to acquire more weapons with which to make more war. The 'Lebensraum,' the so-called East Asia sphere, which began to be talked about at this time, is not an economic concept. It is a concept of conquest. Japan could have traded freely with us, with China, with all the nations of the world. Generally speaking, she was doing so. The Japanese extremists did not want to trade—because Japan's military leaders realized that, for war purposes, Japan had to become autarchic. The history of Japan from 1932 is the history of increasing and multiplying controls. It was during these years, and continuing as you know, until last December, that I served as the American Ambassador in Tokyo.

"I saw the Japanese generals follow policies not unlike those of Hitler in Europe. Trade was cartelized. Foreign enterprises were tied in with the domestic war economy. Foreign exchange became the subject of repressive regulation. By the spring of 1938 an Emergency Capital Adjustment Law had tied down every ordinary act of commerce to the miliary resources plan.

"There was no time in all these years when the Japanese Army actually said to their people: 'We shall fight America and Britain.' Pamphleteers and journalists discussed that possibility; statesmen hinted at it. But the issue was never brought to a focus. The Japanese army and leaders called for more expansion in China, magnified every instance of Chinese resentment or resistance into evidence of conspiracy or recalcitrancy, and kept the Japanese Empire alert with the clamor of war. They never let this ultimate issue become clear. Japanese themselves, they realized that their people had no choice but to follow them, provided the process of militarization was not too rapid.

"Let me give you a few instances of what happened to the people in Japan during those years:

"Japanese big business was cajoled, bribed, or blackmailed into self-regimentation and into acquiescence to government control. When I arrived in Japan in 1932, Japanese business was still a model of comparative efficiency, drive, and inventiveness. By 1941, it had become an adjunct to the military regime. Japanese investors were driven more and more into government investment. Their overseas holdings were jeopardized by the irresponsible actions of their government. Investment in the much-touted occupied areas in China was on the army's terms, and was subject to the corrupt exactions of the puppet governments under the Japanese army.

"Far more important, Japanese farmers continued their accumulation of debt. Their poverty made possible the cheap food of the cities. Their misery drove their sons and daughters into the factories to serve for the lowest wages in a modernized state. The wretchedness of the Japanese farmer, his low standard of living, has been the keystone of Japanese international competition. The China war did nothing—either in phases — to help the Japanese farmer. His sons died in it. He was taxed for it. Occasional food shortages give him the illusion of prosperity, when he sold his products on a rising market—but the Japanese farmer remains the first and the constant victim of Japanese militarism.

"Between the investors and the farmers, the middle classes were driven into an insecurity which would only be relieved by state control. Their freedom of movement, of thought, of expression was circumscribed artfully by appeals to their patriotism or their superstition, or both. Their savings were solicited for Japanese government loans which were secured by the slender chance of Japan's winning some sort of a victory and then stopping and consolidating her gains.

"With developments such as these, two seemingly incompatible tendencies were produced. Japan was going bankrupt. Japan was getting stronger. The two changes were actually part of the same pattern. Japan was departing from a free economic system based upon the domestic and foreign exchange of goods and services over to an unfree economy, based on the domestic destruction of goods in military enterprises and supported by the foreign expropriation of goods.

* * *

"Japan is finished and ruined in terms of **honest** finance. Her trade is discredited. Her foreign investments are held only at the points of bayonets. Her customers are completely alienated.

"Nevertheless, in terms of **dishonest** finance, Japan flourishes. Japan has with her temporary conquests all the raw materials needed by a great power. She has at her command almost limitless labor supplies. She does not have any friendly rivals in the regions that her armed forces control. Her industrial potential is relatively high and efficient. Labor and the farmers are quiet. At the moment all this power is pouring into the military economy behind the Japanese fleets, armies, and air forces.

"We face this formidable enemy. Our Japanese antagonists live far more cheaply than we do. They conserve their goods. They do not worry about their victims. They concentrate everything on winning the war.

"The United Nations will not do business with military Japan again. After the years I have spent attempting to safeguard a free American economy against the potential workings of a Japanese military economy, I am relieved to think that we shall never try again to preserve the peace and our rights by dealing with a Japan which pursues the course of a robber state. The financial system which Japan has created is one which violates all concepts of honest dealing—irrespective of the articular epoch or system. It is the mere mask for a predatory military oligarchy which neither comprehends nor approves the principles of honest exchange, of stable money, and of international good faith."

In the concluding portion of his address Mr. Grew had the following to say:

"In closing, I should like to call to your minds certain memorable statements made recently by the Secretary and the Under Secretary of State. In his broadcast of July 23, the Secretary began: 'The conflict now raging throughout the earth is not a war of

(Continued on page 1535)

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Land Tells IBA Of Cargo Ship Progress; Later Elucidates Misinterpreted Remarks

While Rear Admiral Emory Scott Land was a speaker before the annual convention of the Investment Bankers' Association at a luncheon on Oct. 19 his remarks were extemporaneous, and very little in the way of what he had to say has been available. He did, however, comment on what has been accomplished in the matter of the letting of contracts for cargo vessels, the number which has been delivered, and those under construction. In the New York "Journal of Commerce" of Oct. 20 he was quoted as saying that speed in construction has been possible, due to systematized plans, with a minimum of alterations, and use of assembly line methods. Because of exception taken to certain remarks attributed to Admiral Land, who is is Chairman of the U. S. Maritime Commission and Administrator of the War Shipping Administration, the Admiral on Oct. 20, had the following to say according to Associated Press accounts from Washington:

"An 'off-the-cuff' speech I made at a luncheon meeting of the Investment Bankers Association of America at the Waldorf-Astoria, New York City, on Oct. 19, 1942, seemingly has been misinterpreted. I wish to clarify the matter which I shall do from notes used by me at the time the speech was made, as follows:

"'I have a few pet hates: (1) organizers, (2) profiteers, (3) needle boys—intriguers and, (4) typewriter strategists.'

"I then followed with: 'As far as the organizers are concerned, for the duration, in my opinion, they ought to be shot at sunrise. As to the profiteers, we will get them if the jail doesn't get them, or they don't get themselves. As for the typewriter strategists, why not let the President of the United States and high military and naval command run the tactics and strategy of the war?" * * *

"As everyone knows, there are all kinds of organizers for all kinds of projects. My only interest is organized production."

Admiral Land was further indicated as saying, in making the above statement:

"Particular attention is invited to the fact that I neither used the word 'labor' in connection with 'organizers' nor the word 'union' in connection with 'organizers.' In fact, I meticulously refrained from an adjective qualifying the term 'organizers.'"

Contending that the Admiral's remarks had to do with "union" organizers, it was stated in the Associated Press accounts that Joseph Curran, President of the National Maritime Union (CIO) had on Oct. 20 wired President Roosevelt asking that the Admiral be removed from office, and the Executive Board of the Greater New York CIO made a similar demand, it is stated.

IBA Group Chairmen Announced For 1942-43

At the War Conference of the Investment Bankers Association, it was announced that the following chairmen had been elected by the regional groups of the Association:

California: Malcolm C. Bruce, Conrad, Bruce & Co., San Francisco.

Canadian: H. D. Leeming, A. E. Ames & Co., Limited, Toronto.

Central States: D. Dean McCormick, Kebbon, McCormick & Co., Chicago.

Eastern Pennsylvania: Edward Hopkinson, Jr., Drexel & Co., Philadelphia.

Michigan: Charles A. Parcells, Charles A. Parcells & Co., Detroit.

Minnesota: Robert L. John, Thrall West Company, Minneapolis.

Mississippi Valley: Andrew S. Mills, Newhard, Cook & Co., St. Louis.

New England: Joseph T. Walker, Jr., Hornblower & Weeks, Boston.

New York: Frank M. Stanton, The First Boston Corporation, New York.

Northern Ohio: Leslie J. Fahey, Fahey, Clark & Co., Cleveland.

Ohio Valley: Milton S. Trost, Stein Bros. & Boyce, Louisville.

Pacific Northwest: Seth Richards, Richards & Blum, Inc., Spokane.

Rocky Mountain: Gerald P. Peters, Peters, Writer & Christensen, Inc., Denver

Southeastern: Walter S. Robertson, Scott & Stringfellow, Richmond.

Southern: Joseph L. Morris, The Robinson - Humphrey Company, Atlanta.

Southwestern: George H. C. Green, R. J. Edwards, Inc., Oklahoma City.

Texas: Judson S. James, Jr., James, Stayart & Davis, Inc., Dallas.

Albert H. Gordon, Kidder, Peabody & Co., New York City, and a Vice-President of the IBA is Chairman of the Group Chairmen's Committee.

Investment Industry Essential To Nation

(Continued from page 1521)

cation of expense for our members.

"And now the Securities and Exchange Commission is joining with the State Securities Commissioners, and with the Associations representing the business, in this same well-tried procedure of discussion and conference. Chairman Purcell deserves much credit for initiating this thoroughly sound policy, in line with the times, when factionalism should cease and when Government and industry should unite to win the war.

"State and Federal Commissioners, together with our representatives, can be mutually helpful and greatly promote the national interest by this sort of action—the National Association of missioners maintain a close contact with the day-to-day practical problems of the business and of enforcement, and their organization—the National Association of (State) Securities Commissioners—has a national outlook on these subjects. We of the IBA and the other national associations in our industry also have the practical approach and the national point of view. If we measure up to our obligations, with a breadth of vision and a consciousness of our public responsibilities, we too can bring to the conference table a significant contribution.

"Under these circumstances, I believe we can look forward to a future when the public will be better served, when legitimate business, believing in an adequate and well trained police force to deal with the less scrupulous, may be freed from the shackles too quickly forged in times of pent-up controversy and misunderstanding.

"All citizens realize the necessity of a national wartime policy of eliminating the bottlenecks. Witness the streamlining of the V-Loan procedure, now becoming one of the main vehicles of Government financing of war industry. The machinery is simple, the terms liberal and the time element has been reduced to something like two weeks. There are doubtless many instances constantly occurring where the nation would be better served, and industry would save substantial interest cost and service charges, if the channels of private finance could be utilized. But the time element alone, involving the undivided attention of executives who should be concentrating on war work, precludes going through the tedious routine now required for a registration statement.

"It is worthy of comment that the Government's way of financing is the simple and streamlined method, while the investment bankers' way is entangled in much imposed red tape.

"We believe there are many ways in which the SEC procedure could be speeded and simplified without sacrificing the intent of the Act. One method of streamlining procedure for the duration might well be that: Companies with previous registration statements which have been kept up to date and companies with listed shares, be exempted from filing a detailed registration statement upon the issuance of new securities.

"At all events, the war has brought closer a unified industry and has promoted a realization on the part of the State Commissioners and the Securities and Exchange Commission that there is a very fundamental mutuality of purpose between them and the organizations representing this business. This, to my mind, is a natural result; for we are all brought closer together by an unselfish desire for national unity and by an appreciation and respect for our common sacrifices, gladly made, to help win the war.

Part II

"Now, at this point, I should like to turn from the general to the particular and make brief comment about the IBA and the business of its member firms.

"It is in line with the history of the IBA that it should continue to set a good example in this tendency toward unity of purpose and cooperation. As a matter of fact, the IBA is a cross section of the business; it is a voluntary association and it represents all elements in the so-called securities industry; viz., underwriters and dealers in corporate and municipal issues, over-the-counter dealers in primary and secondary distribution, stock exchange houses, banks, government dealers and investment trusts. Though in a few cases a member may be engaged in only one of the functions above listed, the business of the majority of our members is a combination of any two or more of such functions. Consequently if we really stand together and demonstrated a marked degree of solidarity among ourselves, there is hope for the whole industry. I believe we are doing this now but I am also sure that we need to do much more. Progress toward this ideal is to the advantage of both the country and the investment bankers. Only in this way will this Association continue to serve best investors, its own members and the business as a whole.

"As individual members of this Association, we may differ at times on policy. We may frequently disagree on method or the handling of certain details, but surely we have learned by now the value of working together on a common front (in line with the preponderant views of our members). The aim of the Association is to have the functions of investment banking performed under the best conditions and by the best methods attainable.

"The work of the Association has been traditionally conducted on a relatively small budget, by a small paid staff and by a large number of devoted volunteers serving on committees drafted from the membership. In one year the work of some of these com-

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mittees is in the foreground, and at other times that of others.

"One of those whose activities have been redirected and whose objectives have been greatly modified due to the war, is the Public Information Committee. Two years of labor had built up an effective panel of speakers (probably from about 800-1,000 men) who were well prepared to tell the public of the importance of investment banking in a free enterprise economy. Immediately on the declaration of war, we notified all of our 17 groups throughout the country that our speaking programs would thereafter be devoted to the promotion of war bond sales. This large body of men responded at once and in many localities gave experienced assistance to the administrators of the War Savings Staff. In several large cities they were called upon for the difficult job of organizing and educating the large number of team and district workers on the house-to-house canvassing campaigns. In March, as you know, the Board of Governors voted that for the remainder of the year, the funds of the PIC should be devoted to defraying the expenses we might incur in our efforts to promote war financing.

Part III

"This brings me to make further reference to our work with the United States Treasury—since last December, the keynote of the policies of this administration of the IBA.

"When the news reached us of the Japanese attack on Hawaii, your officers acted at once. A telegram was sent to the President and a letter containing our resolution of Dec. 5, was delivered to the Secretary of the Treasury.

"In January, at the request of the Treasury, those representing the securities industry were invited to Washington to confer with the War Savings Staff. I have already mentioned the organizations included, viz., the NASD, the NYSE, the ASEF, the Government Security Group, and the IBA. The individuals representing these organizations, respectively, were Messrs. Dewar, Fulton, Schram, Burns, Dominic Rich and myself. The first step we were asked to take was to set up State committees representing the united industry, to collaborate with the State Administrators of the War Savings Staff; and at the same time Mr. T. J. Bryce of Clark Dodge & Co., New York, was appointed by the Treasury as its liaison officer with the securities industry, with offices in Washington. This initial groundwork necessitated the formation of the National Committee of the Securities Industry for War Financing, whose members are the individuals I have just referred to. This committee has at all times been available to the Treasury for special contact work throughout the country with the member firms of the constituent national organizations represented. Thus the machinery was established for a national coverage and was ready to function when called upon by Mr. Morgenthau to go to work on the Certificates of Indebtedness of April and the first Tax 2½% issue of May.

"More recently, at the request of the Secretary, we have also participated in the formation of the Victory Fund Committees, where we have joined forces with all the commercial banks. Each of the 12 district VFC's has its chairman the president of the respective Federal Reserve Bank and its executive manager is a man taken from the ranks of the securities industry. The nationally coordinated work of all 12 districts is under the direction of Mr. George Buffington, Assistant to the Secretary of the Treasury, in Washington.

"If I might be so bold as to define the promotional activities set up for selling Government bonds to finance the war, I would be inclined to put it this way:

"The War Bond and Stamp campaign, which is continuous, is under the direction of the WSS, of which the Honorable Harold Graves, Assistant to the Secretary of the Treasury, is the head. It is designed to make available to the Government as large a portion of current income as can be corralled. The Ten Per Cent Clubs and pay-roll alotment plans look toward that end.

"The Victory Fund Committees, on the other hand, are seeking funds of quite a different character. Among them may be mentioned the cash balances of corporations, the considerable residue of savings in the commercial balances of individuals, large and small, and the uninvested funds of insurance companies, trust companies, savings institutions and other fiduciaries.

"With reference to all of our efforts in war financing, it has been a privilege to work with the officials of the Treasury. I know I am speaking for my colleagues when I say we have been honored by their accepting our offers to serve. We are not complacent about our accomplishments; we have no disposition to boast about them; we recognize the immensity of the job that must be done. But we may be justly proud that thousands of the partners, executives and salesmen of the firms in the securities industry have given, and are giving, generously of their time and specialized experience in such matters and are successively, month by month, selling hundreds of millions of these Government obligations to corporations, trust funds and individuals.

Part IV

"As for the business itself, I shall not indulge in prophecies.

"This is no time to be looking into the far future; it is enough that we devote our energies and attention to meeting the problems which arise from day to day.

"This is no time to be thinking of making profits out of the war. We must join in the sacrifices which all must make for the common good and for the preservation of our ideals.

"We must, however, continue to exist. In the maintenance of our individual organizations, however much contracted and on whatever limited scale—if we do make money, we cannot for long lose money.

"In order to have men in this business who can give generously of their time to selling Government bonds, it is, of course, indispensable that their firms have a sufficient income from their ordinary business to meet their overhead. It is therefore a patriotic duty of the first magnitude that executives and salesmen spend a major portion of their time in originating transactions and in performing services by which their organizations may survive. For a continued existence demands that income must meet outgo.

"Experience of recent months brings us some comfort. We have always thought that our industry performed a necessary service in the business economy of the country and that it was permanent and indestructible. But 10 months ago we did not know what might happen; nor can we yet speak with certainty. We did know then that ordinary operations would be greatly curtailed and that drastic readjustment in personnel and overhead would be required.

"Today we know that buying and selling continue even under war conditions, and it begins to appear that we may be able to balance our budgets—perhaps it is not being too optimistic to believe that, eliminating taxes, we have reached and passed the low point in earnings, and that we have successfully withstood the greatest shock and strain arising from the impact of war. If it is any consolation, bear in mind that many another business in this country has had as great or even greater readjustments and displacements to meet.

"We have reason to have faith in ourselves and in the future of the investment banking business. We have an essential role to play—requiring energy, resourcefulness, and of all things, much patience.

"We are proud of this business. We are proud of the people in our association. Already many of our associates have volunteered and are now serving with the armed forces of the United States. Those of us who are left at home have a long, hard tour of duty ahead of us. Our mission is unspectacular, and will be accomplished without the accompaniment of trumpets and drums. But it will be done. We shall carry on the business as an essential part of our patriotic duty; we shall give much of our time and experience to our share, however inconspicuous, in the colossal task of financing the enormous cost of modern warfare.

"The national interest is paramount. It demands of us and all other citizens that we work together as a United people, exerting the maximum national effort to win this titanic struggle for the survival of the way of life we cherish."

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SEC Disclosure Rule Harmful To Municipals

(Continued from page 1526)

Further, they are disturbing and detrimental to the financial operations and other interests of the states and their governmental units.

"Whatever may be the contentions, pro or con, on the subject the matter goes far beyond raising revenue for the Federal Government. It reaches the very foundation upon which our dual form of government is based. We are presently at war to protect the principles of free government, our own as well as others.

"As stated in our report of last December—'With thoughts focured upon additional revenue for the central government, in this instance at the expense of the states and their governmental units, it would be seriously unfortunate to lay, by the method employed, the groundwork for an avenue through which our constitutional foundation for municipal home rule may, in progressive steps, be circumvented and destroyed.'

"A change in our form of government of so drastic a character as proposed should not be attempted by any other means than a constitutional amendment. The constitutional method would afford the people of our country the opportunity to measure the effect of and give consideration to all phases of the change, as well as the opportunity to express themselves concerning it.

"Some contend that a constitutional amendment would require too much time. In a matter of this importance the time required certainly should not be a governing factor. In any event, the contention is fallacious. The average time required for the ratification by the states of the 21 amendments to our constitution which have been adopted is approximately 1 year, 4¼ months. The last amendment, the 21st, was ratified by the states in 9½ months. If the proposal to tax future issues were enacted in statutory form at this time, the Federal Government would, as a practical matter, collect very little during the next several years.

"There are those, too, who contend that if a constitutional amendment on the subject were submitted to the states it would not be ratified. If that is so, it is not only a clear admission but evidence that the people, once they understand the full import of the proposal, would not be in favor of it. There are ample evidences abroad of the serious results of the gradual assumption of power by government and encroachments upon sound governmental principles without consent of the people."

The other members, whose signatures were affixed to the report besides Chairman Webster, were Fred M. Ackley, George K. Baum, Edward Boyd, Jr., Samuel K. Cunningham, Bruce H. DeSwarte, D. Ripley Gage, George C. Hannahs, John G. Heimerdinger, Bert H. Horning, W. C. Knickerbocker, Pat G. Morris, A. B. Morrison, Frank H. Morse, Russell J. Olderman, Malcolm S. Prosser, Leo L. Quist, Jones B. Shannon, Robert O. Shepard, F. Kenneth Stephenson, Robert A. Warren, Harry H. White, Elmer L. Williams and Paul E. Youmans.

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Calls Banks Essential To Financing Of War

(Continued from page 1525)

first World War were precedent-breaking in their time. In that war, we moved the decimal point over a full place compared with anything which had happened previously. It was then that the term "billion" became a part of the common language.

In this war, we have again entered new magnitudes. In the mobilization of men alone, we are doubling the figures of the last war. Even so, the numbers of the armed forces are an inadequate index of the size of our war effort. The amount of equipment required per man has multiplied many times over. It has been aptly stated that while in the last war the problem was "to equip the men," the problem now is "to man the equipment"—and before that to produce it. Naturally, the need for ever-increasing amounts of equipment has tremendously multiplied the financial problems of this war.

In the first fiscal year of the last war, total Government expenditures amounted to about $14 billions. In the current fiscal year, our expenditures are likely to be six times as great.

In the 12 months ended June 30, 1918, the Government collected roughly $4 billions in taxes. In the 12 months ending next June 30, receipts from taxes are expected to be more than five times as great, totaling about $21 billions.

And here is another comparison that highlights the greater dimensions of our war-financing job today. During the first World War, our war expenditures in the fiscal year 1918 absorbed less than one-quarter of the total national production. But in the present fiscal year, our war activities are estimated to absorb almost half of our total production.

The amounts which have already been raised and spent since the commencement of the defense program exceed in amount all that we spent during the last war. These amounts have been raised without any dislocation in the financial markets and at unprecedentedly low rates of interest—averaging about 1¾%.

We do not delude ourselves, however, that the financing of a total war can be merely a money market operation. Total war requires total effort and total sacrifice, and the financial front can be no exception. We must recognize that when our problems are multiplied tenfold in amount, they also become different in kind and must be met by new procedures.

I have already mentioned that war activities are going to take up almost half of our total production in this fiscal year. This means that we shall have to live on the other half of our gross product. We made the decision to do this when Congress passed the appropriations for war purposes and when the whole country resolved that as large a proportion as possible of our total output should be in war goods.

Finance can and will add no burden additional to that which we have already contracted for. Wise finance can and will make the burden easier to bear, however, by distributing it more equitably.

Taxation must form the foundation for any program of war finance—for it is only by taxation, either now or in the post-war period, that the burden of the war can be finally distributed.

Much progress has already been made in the field of taxation. Our total revenue, giving effect to the passage of the tax bill now in conference between the House of Representatives and the Senate, will aggregate about $21 billions this fiscal year. This is nearly four times our revenue in the fiscal year 1940, but only about one-fourth of our expenditures in this fiscal year. Measured against the standard of past achievements, it is magnificent; measured against the standards of present needs, however, it is plainly inadequate. We shall need substantial levies beyond those contained in the present bill.

Revenue-raising alone does not, however, constitute the whole of the contribution taxes can make to the successful financing of the war. Successful war finance requires fairly stable prices, and wise fiscal policy will help maintain them. But this is not enough. Other measures must also be employed if we are to have price stability.

You are all aware of the great forward steps which have been taken by the President and Congress during the past month in the direction of the stabilization of our price structure. The appointment of Justice Byrnes as Director of Economic Stabilization has given us all a new confidence that the war will be fought through to final victory without serious disturbance of the present price level.

You all know that incomes are rising, while the supply of consumers' goods and services is shrinking. In order to secure a fair distribution of the available supply of consumers' goods and services at the present price level, it will doubtless be necessary to resort to more extensive rationing. To secure such an equitable distribution is the primary purpose of rationing. We should not lose sight, however, of the fact that rationing is also a powerful instrument of war finance. What we cannot spend, we must save. Thus rationing is really "compulsory saving," and it may be on a vast scale.

But even with rationing over a very broad area, excess purchasing power is likely to result in extreme pressure, menacing any system of price regulation.

It would be possible to control this pressure of excess purchasing power by an instrument which stands midway between direct controls such as rationing and the traditional forms of taxation. Spending must be reduced drastically if the prospective supply of consumers' goods is to "go around" at the present price level. What could be more reasonable, therefore, than a progressive tax that would give an incentive to saving and put a penalty upon spending—the very thing that must be reduced? This is what Secretary Morgenthau proposed last month with the spendings tax. I think that many people passed a rather hasty judgment on the proposed tax at that time. I believe that it is the kind of thing which looks better and better the more you consider it, and I ask you to mull it over in your own minds.

All of the money which we do not raise by current taxation, we must borrow. As investment bankers you are directly concerned with the Government's borrowing policies; and I shall therefore lay my principal emphasis tonight upon borrowing, although I would remind you that borrowing is only one facet of our wartime financing problem. Rationing and direct controls may make borrowing easier, but they do not eliminate the need for it or reduce its amount.

One of the best sources of borrowed funds is, of course, the sale of War Savings Bonds. I imagine that every man in this room has given time and thought and energy to help in this very important part of our war financing. The results of the sale of War Savings Bonds are good and growing better; we confidently expect to sell at least $12 billion worth, and perhaps more, of War Savings Bonds during this fiscal year. Even more encouraging than the sales figures is the fact that more than 20 million workers are already setting aside an average of 8% of their pay every pay day for War Bonds. Our goal is to make these figures at least 30 million workers and at least 10% of their pay by the first of January.

The Treasury, as you well know, has not overlooked other possible sources of funds from outside the banking system. In the sale of the Tax Savings Note, the long-term "tap" issues and other Government securities to non-banking investors, we believe that a significant contribution has been made to non-inflationary war financing.

The Tax Savings Note is designed not only to make available to the Government money due from taxpayers during the period in which the tax liability actually accrues, but to provide a source of investment for liquid funds that have been immobilized by wartime restrictions.

The "tap" issue, unavailable to commercial banks for a period of ten years, is designed to attract funds from investors who welcome the opportunity to secure a long-term investment at an attractive rate.

In the October offering of $4 billion, the books were open for only two days, and we obtained something like 25% of total subscriptions from investors other than commercial banks. Frankly, we had hoped to do better, and it is probable that the proportion would have been increased if the subscription books had been open longer. There was a considerable delay in the delivery of many of the printed circulars, and it seems clear now that there really was not enough time for many investors to place their subscriptions before the books closed. I believe that in the future we shall make arrangements to keep the subscription books open longer, at least for nonbanking investors, so that the Victory Fund Committees will have more time to do their work.

This brings us to a consideration of the place of the commercial banks in our financing program. I have tried to emphasize that it is our firm belief in the Treasury that we should borrow from commercial banks only on a residual basis—that is, to resort to the commercial banks only after every effort has been made to finance the deficit from other sources. We desire—in so far as we are able—neither to create **new** money nor to activate **old** money. Non-inflationary financing requires that we draw in money that would otherwise have been spent in buying consumers' goods. It is only by drawing in money that would otherwise have been spent in this way that the Government can check whatever tendency to a price rise it may be producing by its own spending program. And it should be noted here that it is total spending rather than borrowing which creates the inflationary effect.

We must recognize that the commercial banks will be called upon to finance a large share of the deficit—in fact, a share of unprecedented magnitude. In the months—perhaps years—to come, it is important that the banks preserve a maximum of liquidity. To help them to do so, we have decided that securities sold to the banks should have a range of maturities running from three months, in the case of Treasury bills, to 10 years, in the case of Treasury bonds. Interest rates on bills have been fixed at ⅜ of 1%, a rate that is designed to promote the widespread distribution of this type of security. The Federal Reserve System has posted a buying rate of this amount so that any holder of bills knows that he can convert them into cash at any time and at this specified rate. This arrangement has served to increase greatly the flexibility of bills in the money market and has also aided in the more effective use of excess reserves. For all practical purposes, excess reserves can now be invested in Treasury bills without sacrificing liquidity. As a result, we have been able to increase steadily the amount of bills outstanding so that today more than 2½ times as much is outstanding in bills as on Dec. 7.

In addition to this large increase in bills, we have also revived the use of another short-term security—the certificate of indebtedness. Beginning in April of this year, we have thus far sold four certificate issues, approximating $1,500,000,000 each. Together with bills, the certificates provide a large supply of short-term paper, and thus add a large measure of liquidity to the banking system. Incidentally, it should be remembered that this liquidity is going to be a very welcome offset to declining capital ratios, and will make it easier for banks to adjust themselves to the need of shifting deposits from area to area, a process that seems likely to continue.

In securities of over one-year maturity, we have continued to offer the banks Treasury notes, and Treasury bonds with a term of not over 10 years. This means a maximum interest rate of 2% on Treasury bonds sold to commercial banks.

It may seem at times that banks are being discriminated against in not being permitted to subscribe for longer-term securities which bear higher interest rates than 2%; but this is not the case. The Government would certainly be doing the banks no favor if it permitted them to load themselves with long-term issues. You may

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recall that the report of the Economic Policy Commission of the American Bankers Association, issued last April, concluded that securities sold to banks should be limited to a 10-year maturity. I think all of you will agree that a frozen banking system trying to become unfrozen after the war by selling long-term Government securities might create a bad situation.

It should also be noted that a large part of the securities which will be bought by banks will be financed by increases in deposits for the banking system as a whole. It seems reasonable that the interest rate on securities financed in this manner should be kept down to a maximum of 2%—regardless of the maturities involved—because the costs incurred by the banks in making loans direct to the Government, and in handling the increased deposits resulting from these loans, are small. Furthermore, from the point of view of the cost of financing the war, interest rates should be kept as low as is compatible with the objective of financing the war as much as possible outside of commercial banks.

I think you will have seen by now that our financing program has taken on a clear and well-considered pattern. Naturally, this program constitutes only a working framework of principles. We shall, of course, endeavor to improve it and in doing so may make further changes in the types of securities offered, especially to nonbanking investors, and in the methods of offering them.

I have no doubt that you will all agree with the objectives of our war financing policy. We all realize that a great deal more remains to be done in financing the deficit as far as possible from outside the commercial banking system. To the extent, however, that we must resort to the commercial banks, it is imperative that interest rates be kept at prevailing levels and that the maximum of liquidity be preserved.

The success of our war financing depends upon attaining these objectives. We at the Treasury have had abundant evidence that the banking and security industry knows full well what is at stake. We know that we can continue to count upon your cooperation.

Credit Of Railroads Of Prime Importance

(Continued from page 1529)

on aviation, recently gave to the Chairman of this Committee a statement on the question: "WILL THE AIRPLANE SUPPLANT THE RAILROADS?" We are attaching a copy of his complete statement and making it a part of this report. (Appears elsewhere in this issue.—Editor.) We urge everyone interested in railroad securities to read his statement. It speaks for itself.

"In the future the railroads will continue to have periods of boom and prosperity and some periods of depression just like many other basic industries (such as the steel industry) but their earnings should fluctuate less than in many industrial fields. The outlook for the rails depends of course on general business conditions and when, for example, the airlines are enjoying prosperous times the rails will probably also have good business.

"The great increase in the efficiency of operation of the railroads is still not fully appreciated. In previous reports we have listed various examples and in this brief report we will not repeat them. Mr. Fairman Dick, a member of this Committee, said in a recent article: 'Never in railroad history has the pace of improvement in efficiency of operation been as fast as in the last ten years—Class 1 Railroads in 1929 had operating earnings of $1,200,000,000. If they had been able to operate at that time with the efficiency they showed in 1941 they would have earned $2,400,000,000.

"Along this same line, Mr. Ernest E. Norris, President of the Southern Railway System, said: 'The war is having an effect on the railroads that guarantees the future of the industry. We are learning to do things that we never dreamed were possible. And the urgent necessity for getting more use out of our plant, out of our cars and locomotives is stimulating the inventiveness, the ingenuity and the resourcefulness of everyone connected with the railroad business. The railroads will come out of the war with the respect and confidence of a grateful people. They will have the most efficient plant they have ever had. They will have the best trained personnel in railroad history. They will have the most effective techniques ever devised for the transport service of a nation. They will have perfected machinery for cooperation between those who operate and those who use the railroads. And they will have a record of achievement that will make a shining page in history.'

"We now want to call attention to important pieces of legislation that are pending. The Senate included certain provisions in the tax bill just passed which are of great importance to the railroads and which should greatly help railroad credit.

"1. A provision for the preservation of the old property basis of railroads going through reorganization. This is important in determining the excess profits tax exemption based on invested capital and in measuring depreciation.

"2. A provision which prevents a railroad from incurring an income tax liability due to a scale down of debt in reorganization.

"3. Permission for all corporations to purchase their own bonds at less than par without incurring an income tax liability on the 'profit' represented by the discount. The new law strikes out the provision in the existing law requiring a showing of financial unsoundness.

"It is hoped and expected that these provisions will be retained in the final bill.

"This report may seem somewhat 'bullish' in spots but that wasn't our purpose. There are still plenty of problems confronting the rails but the point we want to stress is that because they are so essential to the industrial life of our country it is most important that they be kept on a sound financial and operating basis and that private capital do the job. The Government now recognizes the importance of the railroads and the necessity for their financial soundness. We hope this viewpoint will continue after the war."

Those serving with Mr. Loomis on the Committee were Ewing T. Boles, F. J. Campbell, Paul G. Courtney, Pierpont V. Davis, Fairman R. Dick, Allen N. Jones, Robert G. Rowe, Percy M. Stewart and Henry S. Sturgis.

Says Japan Fights Against Own Welfare

(Continued from page 1531)

nation against nation. It is not a local or regional war or even a series of such wars. . . . On our side . . . we are united in our determination to destroy the world-wide forces of ruthless conquest and brutal enslavement. Their defeat will restore freedom or the opportunity for freedom alike to all countries and all peoples.' In his address at the Arlington National Amphitheater on Memorial Day, on May 30, the Under Secretary of State declared simply and categorically, 'The age of imperialism is ended.' In that same address he adumbrated the creative task of United Nations finance, both public and private, the post-war world, in which we shall aid our invaded allies—Russia, China and the other European and Asiatic peoples—to rebuild their homelands. He said:

" 'The problem which will confront us when the years of the post-war period are reached is not primarily one of production. For the world can readily produce what mankind requires. The problem is rather one of distribution and purchasing power; of providing the mechanism whereby what the world produces may be fairly distributed among the nations of the world; and of providing the means whereby the people of the world may obtain the world's goods and services.'

"This is the task we face: to win now, as we shall and must, with every asset, moral and physical, which we possess; to win without regard to cost, but with concentration upon military efficiency and speed; to win by backing every part of the war effort, all the time. Thereafter we face the longer, not less difficult and fortunately more rewarding task: to assure and safeguard our victory for the ages, so that no nation may be led into madness again, as Japan has been led, and no exploiters can again organize any nation into a marauding horde bent on conquering, plundering and ruling over other nations. Japan had prepared for this war for years. Providence has equipped us for the winning of it for centuries. We have the resources, the institutions and the character that will be decisive, and we shall win."

Economic System Kept In High By Bankers

At the recent Group meetings of the Illinois Bankers Association, Henry G. Bengel, President of the organization, told the bankers that as "the guardians of the home front," "yours is the responsibility to keep our economic system in high gear, to provide the resources for the war." He added, "You must protect the system of free enterprise in a critical time when some measure of regulation of personal freedom is necessary for the common good. You are the soldiers who man this crucial front—the Illinois Bankers Association is the organization that welds you into an effective combat force." Mr. Bengel said that "our biggest job finds us in the front line of the battle against inflation in financing the war effort," and he called on the bankers to impress upon the public that their purchase of war bonds will help keep down the tax burden. He urged the bankers to do all in their power to prevent the inflation that will ruin the country's economic system and to raise their voices in protest against waste and extravagance in a government that dissipates the country's resources.

The meetings before which Mr. Bengel spoke were: Group Two, at Pontiac Country Club, Oct. 8; Group Three, St. Charles Country Club, Oct. 7; Group Six, Hotel Custer, Galesburg, Oct. 6; Group Nine, Court House, Nashville, Oct. 14; Group Ten, Midland Hills Country Club, Carbondale, Oct. 13.

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A. A. Ballantine Heads Greater N. Y. Fund

Arthur Atwood Ballantine, former Under-Secretary of the Treasury, has been elected President of the Greater New York Fund. Mr. Ballantine who has been a member of the executive committee of the Fund, succeeds Thomas S. Lamont, a Vice President of J. P. Morgan & Co. Inc., who resigned last summer to enter the Army as a Major. The Greater New York Fund, through its broadly organized annual campaigns, raises money from business firms and employee groups for essential support of 400 voluntary welfare and health agencies and hospitals, serving the people of New York City. The campaign of 1942, now drawing to a close, has resulted, to date, in contributions of $4,220,000.

Mr. Ballantine is a Vice President of the United Hospital Fund, a member of the Planning Committee of the Hospital Council of Greater New York and a trustee of Memorial Hospital for the Treatment of Cancer and Allied Diseases. He is an Overseer of Harvard College, a trustee of Teachers' College, the New York Life Insurance Co., The New York Trust Co. and the Bowery Savings Bank, as well as director of a number of corporations.

In accepting the Presidency of the Greater New York Fund, Mr. Ballantine said:

"Under the conditions of today, securing adequate support for voluntary institutions for health and welfare, presents increased difficulty. At the same time the work of these institutions, always vital to the comfort and well-being of the people of our city, is more needed than ever. In many ways the services of these institutions are part of the war effort. The object of the Fund becomes that of bringing about the widest understanding of this new need and consolidating most effectively and extensively public support for this phase of national defense."

Post-War Outlook For Electric Utilities

(Continued from first page)

During the 12 months ended with August, 1942, roughly 152,500,000,000 kilowatt-hours of electricity were consumed in this country, or about a third more than in the August 1939 year. Of this increased consumption, nearly 75% resulted from expanded industrial use. Where industrial demands accounted for 49.8% of power consumed in the August, 1939 year, they totaled 55.0% in the Auugst, 1942 12 months. Expressed in terms of kilowatt-hours, industrial power use in the August, 1942 year was 47.1% greater than three years earlier.

But the ability of electric utilities to satisfy demands of their consumers depends, in part, on their capacity to generate power. At the end of August, 1939, the installed generating capacity of all agencies contributing to the public supply totaled 39,850,000 kilowatts, compared with 45,801,000 kw at the close of August, 1942. This represents an increase of almost 15%. Moreover, the Federal Power Commission, on Sept. 29, placed the amount of net generating capacity—additions, less retirements—to be added during 1943 at 3,261,750 kilowatts. It appears likely, then, that electric utilities will not want for generating capacity for the duration.

Volume of generating capacity, however, is meaningless, unless related to demand. During August, 1939, the sum of all non-coincident peak demands upon the nation's power supply was 25,400,000 kilowatts, or 57% of the capacity available to meet them. During August, 1942. non-coincident peaks had risen by a third to 33,800,000 kilowatts, equivalent to 74% of installed capacity. In other words, the impact of vastly expanded demands for power by industries serving the defense and war efforts reduced reserve generating capacity from 43% to 26% in three years.

But that's only part of the story. During August, 1939, each of the 39,850,000 kw of capacity turned out, on the average, only 282 kilowatt-hours of power, or 38.8% of the theoretical maximum of 730 kilowatt-hours which each kw of capacity is able to produce in a month. During August of this year, however, generation per kw averaged more than 355 kilowatt-hours, or 48.7% of the theoretical maximum. Thus, due largely to industry having moved from a one-shift to a two-shift, or a three-shirt, operating schedule—of having spread its power demands around the clock, electric output per kw of capacity has been boosted by 26%. But the effect of wider utilization of generation facilities is greater than mere increase in energy produced; it assures increased operating efficiency, lower unit costs and higher operating income before taxes.

Here, then, is a fast look at privately owned electric utilities nine months after Pearl Harbor. Never before have they been so well equipped, from the standpoint of generating capacity and efficiency of operations, to serve civilian consumers and to meet the maximum demands of the war effort. Despite sharply increased Federal exactions, they currently are earning fixed charges and preferred dividends, with some margin for equity shares. Collectively, they comprise one of the few major industries of the nation which is not faced with a production shortage. And they have not drained badly needed cash from the Federal Treasury to expand production facilities.

The post-war status of electric utilities obviously is not susceptible of accurate determination today. We are in the thick of a global war, the duration of which is uncertain. We do not know the amount of wealth to be destroyed during it, the size of the Federal debt at its close, the nature of the victory to be achieved, the terms of the peace to be negotiated, or even the charactr of enterprise system under which we will operate in the post-war era. Nevertheless, in the face of these unknown factors, it is not wholly preposterous to speculate now on the conditions under which electric utilities will operate in immediate post-war years, and the degree of prosperity they will enjoy.

Despite optimistic forecasts by New Dealers and other tender theorists, no reasonable foundation exists for assuming that war-stimulated 1942 power demands of industrial consumers—13% greater in the August, 1942 year than in the 1941 calendar year, 64% greater than in 1939, and 95% greater than in 1929—can be maintained in early post-war years. To be sure, attempts will be made to maintain employment and national income at around present levels by vigorous tugging at political boot-straps. The National Resources Planning Board now has a variety of public projects in blue-print form, ready to rush into construction at the first indication that hostilities are about to end. But most of them will be "work" projects, designed to pick up slack in employment after the war, and many will be undertaken in thinly settled areas, far removed from industrial centers in which electric generating capacity has been expanded to serve the war effort.

On the other hand, some of these projects involve slum clearance and low-rent housing, which will tend to bolster the falling industrial power demands of electric systems serving these areas. Then, too, not any major proportion of plants producing materials of war will fold up, immediately upon cessation of hostilities. Many of them have learned much about the production and use of plastics, plywoods and similar basic materials during the war, and we confidently may expect the adaption of these less costly materials to the production of automobile bodies, appliance cabinets, furniture and a host of consumer goods, long desired but beyond the reach of low-income families, once industrial facilities are free from the need of producing equipment of war. And, naturally, those plants in operation before the war will revert, as soon as re-tooling can be accomplished, to pre-war production and activities.

But there is a fly in this ointment. Due to enormous increases in war-time capacities, we will have vast potential outputs of aluminum, steel, iron, copper and zinc, along with their alloys, together with plastics, plywoods and synthetic rubber, to compete with one another in post-war years. And should one of these basic materials enjoy increased use in industry or the arts, it doubtless will be at the expense of another. For that reason, although pent-up purchasing power unquestionably will stimulate production of all the things the average man considers vital to happy living—things whose purchase have been denied him for the duration—it does not appear that this demand will be large enough to offset the tremendous growth in war-expanded capacities for producing basic materials. It would not be surprising, then, if industrial use of power in early post-war years dropped by a third from present levels, or to about the consumption of three years ago. Of itself, this would tend to reduce operating revenues and boost unit costs of electric utilities.

There are, however, alleviating circumstances in the offing. Domestic and commercial consumers might be induced, through proper rate concessions or intensive selling, to expand their consumptions sufficiently to erase part or all of this prospective loss of industrial revenues. Despite sharply increased industrial use, domestic consumption of current in August, 1942, was 32% of industrial use, while the price of household electricity per kilowatt-hour was 3.7 times that of industrial power. Accordingly, if householders could be induced to expand their electric consumptions by about 30%, sufficient operating revenues would be forthcoming, despite lower rates earned by increased use, to offset the reduction of a third in industrial revenues.

Is that in the cards? It would appear so. For one

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thing, short-cuts in manufacturing methods, along with the use of plastics and plywoods, will permit the production of low-cost appliances after the war, for sale to low-income groups at prices within their reach. For another, since most electric utilities will have considerable excess generating capacity after the war, on which fixed charges will keep ticking away, they may be expected to grant special low rates to householders for electricity consumed in cooking and water heating, which will bring this form of energy within the price range of competitive fuels. And, for a third, electrically-wired low-rent housing, fluorescent lighting (not adapted to residential use before the war), new home construction and expanded rural electrification, all will contribute to increased household consumption of electricity. As a result of new uses and the expansion of old, a 30% increase in domestic power use in early post-war years appears a distinct possibility. After all, household use of electricity did increase 39% in the 36 months ended with August of this year.

For somewhat similar reasons, commercial use of power can be increased substantially after the war. Comprised as it is of the offices and stores, the shops and work-rooms of the country, all of which prosper largely by serving the needs of householders, the commercial class of electric consumers stands to benefit greatly from the pent-up public buying power that is certain to bring a buying surge, once the war is over and restrictions on production and sale of consumers goods are lifted. And, obviously, increased custom for commercial consumers means increased electric consumption, both from the operation of appliances and longer hours of business. If increased use of current by commercial consumers in immediate post-war years is as much as a third greater than their August, 1942 consumption, when they used some 30% as much power as industrial consumers and paid three times the industrial kilowatt-hour rate, the revenues accruing to electric utilities from this expansion in use, again, would be sufficient to erase a loss of one-third in industrial revenues. And when it is recalled that commercial consumers did increase their use of power by a third in the 36 months ended with August, 1942, during a part of which restrictions on the production of consumer goods existed, this does not appear fantastic.

Actually, of course, neither domestic nor commercial electric consumption will remain constant after the war. The experience of 60 years shows that, with few exceptions, both these classes of consumers have increased their use of current, year after year. And for that reason, we confidently may expect increased electric consumption by both householders and commercial establishments. If, then, domestic and commercial consumptions should increase in immediate post-war years at a rate half again as fast as the average of the past three years, any discernible loss in industrial revenues could be extinguished.

Purely from an operating standpoint, the outlook for privately owned electric utilities in the immediate post-war period should be encouraging to holders of their bonds and stocks. It is only when we consider the effects of probable political interference with their operations, through over-zealous or punitive regulation, and the likely invasion of their service areas by public power projects, that post-war prospects for electric utility earnings become clouded.

Foremost among the political monkey-wrenches now being tossed into electric utility machinery is the "death sentence" provision of the Holding Company Act. Serious as is the effect of this regulatory monstrosity today, its enforcement appears even more of a threat to utility profits in the post-war period. Not unlike southern prohibitionists of 20 years ago who, while demanding strict enforcement of the 18th Amendment, wholly ignored the 15th Amendment, which gave Negroes the right to vote, the Securities and Exchange Commission has selected Section 11 of the Holding Company Act for evangelistic enforcement, the while ignoring Section 30, which directs it to make studies of holding company systems. At the same time, while placing the narrowest possible interpretation on what constitutes "an integrated public-utility system," it so far has failed to define that term. As a result, hardly an electric or gas holding company in the country is not faced today with the necessity of disposing of one or more of its operating subsidiaries, without knowledge of similar action required of other holding companies.

But who, in the face of enormously expanded Federal taxes, dares buy these orphaned operating utilities today? Only the municipalities or other political subdivisions they serve, since public authorities are not taxed by the Federal Government on their business ventures. Furthermore, the interest they must pay on borrowed capital likewise is not subject to Federal income tax.

The recently arranged sale of the electric and gas facilities of San Antonio Public Service to the City of San Antonio and three outlying communities is a case in point. According to the bankers' prospectus describing San Antonio's electric and gas revenue bonds, the private utility rendering these services paid $1,071,929 in Federal taxes in the 12 months ended with May, 1942. In addition, since San Antonio will retire these utility bonds in annual installments, it contemplates no charge against operations for depreciation, which cost the private utility $889,200 in the May, 1942 year. And since San Antonio has borrowed 100% of the funds required to purchase these facilities, through issuance and sale of tax-free bonds, its average annual capital hire, even when installment repayments of debt are included, will be but 60% of the cost of money to the private company. Disregarding the sharply increased Federal taxes a private utility would be compelled to pay on 1942 profits under the new tax law, San Antonio and the three outlying communities will have a $2,883,000 advantage over private enterprise in the rendering of gas and electric service. As some of us have learned to our sorrow, you can't win from the fellow with a few extra aces

Another political monkey-wrench that might seriously have impaired electric utility earning power and distorted utility ownerships was plucked from the works, just in time. At the instigation of a short-sighted dealer in public securities, Department of the Interior reportedly drew a provision, which the Senate Finance Committee in a weak moment included in its version of the 1942 Revenue Act, that would have permitted communities, on petition of a maximum of 10% of their voters, to acquire privately owned tax-paying utilities and convert them into tax-free public enterprises.

Not even the most rabid or bigoted advocate of public owership so far has advanced a plausible reason why a tax-reducing provision should be included in an admittedly tax-expanding measure, particularly when the nation is faced with its most pressing emergency. But when an important department of government, headed by a cabinet member, lends its aid and influence to this variety of sabotaging the war effort, it suggests the character of vicious attack and punitive legislation that may confront privately owned electric utilities in post-war years.

The third political monkey-wrench likely to mess up electric utility earning power in post-war years is the probable raiding of privately served areas by existing or newly constructed public power projects. Included in the backlog of post-war projects proposed by the National Resources Planning Board, largely to stimulate employment, are hydroelectric developments, widespread transmission "grids" and nation-wide rural electric distribution lines. And since the "unreconstructed" Supreme Court ruled, in one of the two cases involving TVA to reach it, that public power projects, no matter how screwy or ill-advised, are free to transmit, over their own lines, and sell "by-product" electricity as "property of the people," there is great probability that many areas now served by private enterprise will be invaded by, and lost to, public power projects in post-war years. The resultant loss of Federal taxes, of course, will be saddled upon other forms of taxable enterprise.

It would appear, therefore, if the foregoing assumptions are valid, that privately owned electric utilities, unhampered by political interference, could prosper in post-war years. But if politicians and politically-appointed regulators are to continue throwing monkey-wrenches into their machinery, socialization of the electric power and light industry appears the probable result. Maybe we could do something about it.

J. F. Flynn To Become Partner In Sincere Co.

J. F. Flynn will be admitted to partnership in Sincere & Co., members of the New York and Chicago Stock Exchanges, on Nov. 5. Mr. Flynn, who will make his headquarters at the firm's New York City office, 39 Broadway, will act as alternate on the floor of the Exchange for Edmund C. Coultry.

To Admit R. J. Jacobson

Robert J. Jacobson, member of the New York Stock Exchange, will become a partner in the Stock Exchange firm of Benjamin Jacobson & Co., 61 Broadway, New York City. Mr. Jacobson has been active as an individual floor broker in New York and was a partner in Giles, Norris & Hay.

Paine, Webber Booklet On Securities Transactions

Paine, Webber, Jackson & Curtis, 25 Broad St., New York City, announces publication of a 40-page booklet listing the firm's executive personnel and outlining its services as brokers in bonds, stocks and commodities and as distributors and underwriters of securities.

Pointing out that the past few years have brought about many changes in the methods of conducting a security business due to new regulatory measures, the booklet sets forth some of the more important rules and regulations relating to transactions in securities. In a section on commodities, extracts from the Commodity Exchange Administration pamphlet "Trading in Commodity Futures" are set forth, together with a Commodity Markets Schedule providing information regarding transactions on eight commodity exchanges.

A summary table shows that the 23 offices of the firm have an aggregate personnel of 794. Included in this total are 30 general partners, five limited partners, 24 branch office managers, 23 traders, 15 statisticians and 247 registered representatives. Twenty-four Exchange seats are owned and deposits are carried in 124 banks.

Copies of the booklet may be had upon request by writing to Paine, Webber, Jackson & Curtis.

H. D. Swihart Co. Dissolves Swihart Continues

Homer D. Swihart and Seymour Perkins, Jr., announce the dissolution of the firm of H. D. Swihart & Co., effective Oct. 31, 1942. Mr. Swihart will continue the same service in Government securities at the office of D. W. Rich & Co., Inc.

Lael Abbott Associated With J. M. Dain & Co.

(Special to The Financial Chronicle)

MINNEAPOLIS, MINN. — Lael R. Abbott, previously an officer of Harold E. Wood & Co., with which he had been connected for a number of years, has joined the staff of J. M. Dain & Co., Rand Tower.

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UP-TOWN AFTER 3

MOVIES

If you're a city slicker who has succumbed to the back-to-the-soil movement you'll find **"George Washington Slept Here"** (Warner) rollicking fare. Based on the Moss-Hart play success of a few seasons ago, the movie details the adventures of Bill and Connie Fuller (Jack Benny and Ann Sheridan), who buy a "perfectly charming" place in Pennsylvania's Buck County. That is, Connie does. Bill, who was born in an apartment and wants to die in one, wants no part of the rural life or old broken houses whether Washington slept in them or not. The city cliff dweller, however, becomes the reluctant owner of the Colonial relic to discover after moving in that there is no water (except when it rains), no electricity, no floors and no plumbing, and to top it off, no road, except his neighbor's, who bars it to the Fullers. Benny is as gay as ever, spouting witticisms lugubriously as he discovers that being a member of the station wagon set cost a great deal more money than he has. Ann Sheridan, as his wife, is strangely subdued. Best performance contributed by Percy Kilbride, the hired man, whose erroneous estimates of the amount of manure, gravel and the other less romantic necessities of the rural life keep the Fuller's in hot water. . . . Another movie based on a play you'll enjoy is **"Sister Eileen"** (Columbia), which opened in N. Y. last week. It's the story of small town girls (Rosalind Russell, Janet Blair) who come to the Big City to find success and glory and the amazing things which happen to them when they move to their basement apartment in Greenwich Village. Their landlord is a frustrated artist, and their collection of acquaintances are either slightly mad or completely wacky. After all, it wasn't Janet Blair's fault that she has a way about her, a nice way, which is misunderstood by the hordes of eager males who infest their down cellar abode. Nor can the sisters be blamed that the local gendarmes break up their charades and hustle the whole kit and boodle off to the hoosegow. The whole thing is excellently done. You'll laugh until you ache. . . . **"Thunderbirds"** (20th-Fox) takes a John Gunther commentary describing the aims and the efforts of flying cadets from the United Nations; American, English and Chinese, then bolixes up the whole business with one of those yarns which not only makes poor entertainment but does the movie industry little good. Preston Foster, the "flying fool," comes to the Arizona flying school as an instructor. In his spare time, he renews his friendship with Gene Tierney, who lives conveniently on a nearby ranch. But Geene gives poor old Preston the old heave-ho and takes up with a scion of the English Stackhouse family (John Sutton), one of Preston's students. Sutton is a capable physician, but in order to maintain the honor of the Stackhouse line, takes up flying. He makes a bad flier but with Preston's help gets his wings plus the photogenic Miss Tierney as well. The color photography is breathtaking. The plot is anything but.

AROUND THE TOWN

The Monte Carlo (49 E. 54th) had its Grand Opening last Thursday. Not that it was closed; it just changed what in soignee circles is called the decor, an occasion which always calls for an Opening with all the fanfare to herald in the event. The carriage trade, decked out in ermine, mink and the family jewels, came to see and be seen. Broadway, which considers such affairs a "must," was there in all its finery. Even Hollywood was well represented. Of course all branches of the armed services, from ordinary seaman to gold-braided heavy stripers, and from buck privates to double-starred shoulder insignias were also there. They all jammed in to ooh and aah at the new layout. For if the Monte Carlo was beautiful before, it's positively Sybaritic now. The main room is a sheet of mirrors, blue ceilings, red drapes and white fringes rising from a red and white carpeted floor. The old Beach, open summers, has also undergone a metamorphosis. Renamed the Casino, it is something to see. The old bar, wider and longer, serves as the English Snack Bar where you can sit and eat. Prices at this bar are quite reasonable. No item sets you back more than $1.25. The old Beach dance floor, screened off, fitted out with soft lights, new upholstery and a gypsy stringed ensemble to play soft romantic airs not to dance, but to listen to, is obviously popular with the hand-holding set. If you want to dance you go into the main room where two orchestras, Sonny Kenis's and a Latin outfit, hold forth. By the way, if you hanker for celebrities, the Monte Carlo is the place to go. I have frequently seen more name people jammed into one corner of the Monte Carlo than in the entire room of that over-rated ornithological 53rd Street place. Gene Cavellero, who draws Washington bigwigs as well as other more publicized people, and still my idea of a capable host, is the managing director. With Fefe Ferry heading for the Army, Teddy Rodriguez, who rose from Harvest Moon dance contest winner, steps in to take his place. Teddy, still new at this business, was as busy as the proverbial wall paper hanger. He's likeable and willing, however, and should make a go of it. The only sombre note at the new Monte Carlo was the absence of the affable headwaiter, Melo, who passed away a few short hours before the opening took place. The Monte Carlo and the people who knew Melo will miss him. . . . **The Hotel Belmont's Glass Hat (50th & Lexington)** heralded the return of the rubber-faced comedian, Jack Marshall, and his bag of tricks. Marshall is funny, really funny. His "Butch McGurk," the draftee who never knew how he became a soldier (he thought he was just buying a sweepstake ticket), is calculated to have you roll between the tables. By the way, considering the mobs of people who come here, the Glass Hat food is surprisingly good.

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Hardy & Co., 30 Broad St., New York City, members of the New York Stock and Curb Exchanges, will admit Marjorie E. Allen to special partnership in the firm.

SEC Bid-Asked Rule Opposed By NASD

(Continued from page 1519)

of these reports of examinations and questionnaires, directed letters to firms cautioning them and further advising them concerning the mandates of the Rules of Fair Practice and urging them at all times to consider first and foremost their customers' welfare and secondly the question of their own profits.

"Thus, this phase of the Association's work has taken three forms—first, appropriate disciplinary action; second, restitution where feasible and possible; and third, the continued efforts to promote a universal awareness of the responsibility of brokers and dealers to deal fairly with their customers.

"The Association, through its Business Conduct Committees, is engaged in advancing the theory that a profit in this business must be based on service. This has been the established policy of this Association in order properly to inculcate within the membership and the industry that professional spirit which the great majority of the industry wishes to promote.

"From a statistical standpoint, the results of the Association's examination program are as follows: It has been found necessary to take disciplinary action against approximately 5% of the membership of the Association; in all, 170 complaints have been filed since Jan. 1, 1941. Of these, 99 involved violations of our Rule which provides that members shall deal fairly with their customers in the purchase and sale of securities. Thus, as a result of a concerted, well-organized effort on the part of the Association to root out such bad practices within the membership as do exist, the Association has found it necessary to file complaints against approximately 2.6% of its membership where the matters concerned involved allegations of dealing unfairly with customers in the purchase and sale of securities, which, of course, includes the matter of dealers' buying or selling securities at prices not reasonably related to the market.

"Our knowledge of the practical nature of this matter does not end with this report of what our program has disclosed to be the size of the problem and the steps taken to solve it. The Association has prepared a detailed analysis of profit policies of practically all members. It knows the number and the location of members whose policies are in need of policing. Their number is small in relation to the total of our membership but the important fact is that we know who they are and where they are and we have already demonstrated our capacity to deal with them. We are not winking at abuses and we do not deny that a minority in the business perpetrate them, but we repeat: we know who they are and where they are.

"We are not wholly satisfied with our examining processes, effective as they have been to date. As the Commission has been notified previously, examination of each member at least once a year is our program for the future. We have developed a plan to improve upon investigations into members' business practices which will bring to light information upon which the Association can move promptly against all types of improper acts and practices.

"We are, as always, prepared to discuss these matters in detail with the Commission.

"Representatives of the staff of the Commission have stated this proposed Rule to be the result of an increasing awareness of a practice growing in the over-the-counter market for dealers to buy from or sell to their customers at prices bearing no reasonable relationship to the market. It has further been said by representatives of the staff that this practice has been indulged in by many over-the-counter brokers and dealers. These statements of purpose, in our opinion, constitute an indictment and cast a reflection on the entire industry, which we do not believe to be either true or warranted by the facts. It has been the Association's experience that there is a group in the industry which engages in practices not consistent with good business ethics. The Association and the membership are presently and have been in the past engaged in a sincere endeavor to eradicate and to eliminate from the industry the practices of this group, not only in the interest of the public but also in the selfish interest of the business itself. The previous statement of the examination work of the Association substantiates the opinion that only a small group in the business has been transgressing the bounds of good business ethics in respect to their sales and profit policies in the business transactions.

"The staff of the Commission has further stated that this alleged practice which motivated this proposed Rule is a growing practice and that the Rule is to protect investors who are frequently charged prices for securities which bear no reasonable relationship to the existing markets. We submit that the Association cannot but conclude, because of our own experience and information in their field, that the record does not bear out these contentions and statements of the Commission's staff that the alleged practice is either a practice within the industry, that it is an increasing practice, or that investors are frequently charged prices bearing no reasonable relationship to the market. We further submit that those few who are in the marginal element of the industry constitute a small and diminishing minority; that this proposed Rule may very well harm the present trend of investigation and examination work within the industry being done by the Association and the Commission; and completely disorganize the work which is presently being done to promote high standards of business and commercial ethics within this business. Authorities who have had experience in this field fortify us in our opinion that rules such as this proposal are not self-enforcing and, in and of themselves, will not eradicate bad ethical practices. These authorities further say that no rule is as effective as correction and enforcement through examination work.

"The Executive Committee, in the foregoing statement, has attempted to demonstrate that the objectives of the Association and the Commission can best be attained by a continuation of the cooperative work by the Association and the Commission in an endeavor to advance and enforce high standards of commercial honor and integrity, just and equitable principles of trade, and business ethics. We are of the certain opinion that the Association can demonstrate to the Commission, to the industry, and to the public that the public interest, the interest of the Commission, and the selfish interest of the industry at large can better be served by this cooperative effort than by a rule which, in our considered opinion, is unnecessary and which will take from the Commission as well as the Association many of the tools so effectively used to date.

"The members of the staff of the Commission do not claim that the membership of this Association has not been adequately policed, nor that the problem the staff is endeavoring to solve is one which is a prevalent practice within the membership of the Association. It has been suggested that this Association is the proper vehicle for the solution of such problem as does exist. The staff of the Commission, in answer to this suggestion, has stated that there is a primary objection to this suggested solution, inasmuch as there are a great many registered brokers and dealers who are not members of the Association and who are undoubtedly guilty of the practice of over-pricing and who would be able to operate without supervision comparable to that of the Association during any period of experimentation with this suggested solution.

"The Association has made a spot check of the list of registered brokers and dealers who are not members of this Association and who are not members of Stock Exchanges to determine whether, in fact, these non-members registered with the Commission are actually engaged in the securities or investment banking business. Our inquiries disclose that a very large proportion of these non-members actually are not engaged in the securities business. We have ascertained that many of those registered with the Commission are registered only incidentally to other activities and are not, in fact, engaged in the securities business; many still registered are now deceased; many have left the business for innumerable reasons and have merely neglected to withdraw their registrations.

"In conclusion, the position of the Executive Committee in this statement is as follows:

"(1) Association experience has demonstrated that only a small marginal element within the business has engaged in the practices which the purposed Rule would seek to cure;

"(2) the purposes of the Association and the Commission can best be served in the interests of all concerned by further cooperative effort;

"(3) the Association will demonstrate that the problem can be met most effectively in the interest of the public and the business by continuing our cooperative work in an atmosphere of mutual confidence;

"(4) to put such a rule into effect would undoubtedly harm a large portion of the business and not reach those at whom the proposed Rule is directed, it being our considered opinion that the proposed Rule, if promulgated, would be easy to evade;

"(5) the number of registered brokers and dealers outside of the Association is not large enough nor is their volume of business important enough to justify such a rule on the grounds that they are beyond NASD policing and therefore constitute a major problem for the Commission; and

"(6) there would be no further need for the Association in the field of work in which it has been most active and successful."

Members of the Executive Committee of the NASD making the report are H. H. Dewar, Dewar, Robertson & Pancoast, San Antonio, Tex., Chairman; Lee M. Limbert, Blyth & Co., Inc., New York City, Vice-Chairman; Robert W. Baird, Wisconsin Co., Milwaukee, Wis., Treasurer; Hermann F. Clarke, Estabrook & Co., Boston; Laurence M. Marks, Laurence M. Marks & Co., New York City; and Mark C. Elworthy, Elworthy & Co., San Francisco.

Sums Raised For NY Fund

A total of $32,910 has been raised to date by the casualty and surety section of the Greater New York Fund's 1942 campaign, it is reported by Vincent Cullen, President of the National Surety Co., and Chairman of the casualty and surety section. The books will not close until the end of the year. The Fund's campaign is for the support of 400 voluntary welfare and health agencies throughout the city.

Our Reporter's Report

(Continued from page 1514)

War Revenue Bill which would have made their path easy, the advocates of Government ownership of public utilities do not give up easily.

That became evident this week, at a Securities and Exchange Commission hearing, when the Bonneville Authority was disclosed as dickering with the Bureau of Internal Revenue for a special tax exemption privilege to pave the way for purchase by a Federal agency of the Puget Sound Power & Light Co.

Under the "rider" which they attempted to get across through the tax bill, it would have been a simple matter for any group of local politicians to have set up "non-profit" corporations, enjoying tax exemption, for the purpose of acquiring such properties.

Armed with such tax favoritism, it would have been virtually impossible for any interested private group to have competed with these public ownership agencies for purchase of properties which might be forced on the market through the working of the "death sentence" clause of the Public Utility Holding Company Act.

West Texas Deal Revived

Another piece of public utility financing loomed as an early possibility today with reports that the West Texas Utilities Company might shortly revive plans for refinancing.

This project first came to light about a year ago, when the company filed with the Securities and Exchange Commission, an application under the Holding Company Act, regarding the proposed issuance of $18,000,000 of bonds and some $3,000,000 of notes.

In investment banking quarters there is now a growing expectation that the company will proceed within the next few weeks to file the necessary registration statement covering this undertaking.

Since other projected utility operations, such as Central Maine Power financing on which a delaying amendment was filed a week ago, still appear to be stymied, it is possible that the West Texas deal may be the next actually to reach market.

N. Y. Analysts To Meet

"Stockholders and the Managerial Revolution" will be the subject of a special discussion at the luncheon meeting of the New York Society of Security Analysts, Inc., to be held on Friday, Oct. 30, at 12:30 p.m.

At the Society's meeting on Monday, Nov. 2, there will be a round table discussion of the Public Utility Holding Company Act, led by Charles Thatham, Jr.

T. L. Shaffer, Vice-President of Congoleum-Nairn, Inc., will speak at the meeting scheduled for Nov. 4 on "The Floor Covering Industry."

Investment Trusts

(Continued from page 1519)

"There seems to be a growing feeling among college investment officers that a policy of broad general diversification, based upon a very careful study of individual issues, is the best one that can be followed at this time. Such a policy should be backed up by the best advice obtainable from men who are familiar with the security markets. Where outside investment advice is submitted, either on a fee basis or as a service, only the highest calibre counsel or institution should be employed."

* * *

"Is your CAPITAL working harder, too?" asks Lord, Abbett's new folder on Union Bond Fund "B."

"American *people* are working *hard* today — producing and distributing a million different products urgently needed everywhere.

"American *income*, too, is working harder today—paying larger taxes, giving to our social organizations, paying higher prices, and steadily buying War Bonds.

"It's a time for *capital*—your capital—to work harder too, securing for you an adequate return to help you do your part and meet your greater obligations.

"Today your capital can get you 5 to 6% in medium-grade bonds of public utility, industrial, and railroad companies — including some of the outstanding organizations in their respective fields."

The portfolio of Union Bond Fund "B" is included, showing 29 selected issues with an average 1941 interest coverage of 1.70 times. In the list are 16 utilities, 11 rails and two industrials.

* * *

The October issue of "Economic Pre-View" by Ray Vance of New England Fund and General Investors Trust compares the economic patterns of 1917-1919 with those of the present period. Among the conclusions listed is that the stock market, having recovered part way from the effect of earlier military and naval defeats, would be vulnerable to new ones. It is suggested that investors who have unbalanced their lists by over-purchase of common stocks or speculative senior issues might well make some adjustments. Individual issues which have made sensational price advances should be subjected to special study.

* * *

The October mid-month "New York Letter," published by Hugh W. Long & Co., presents the outstanding performance of the Railroad Series of New York Stocks, Inc. From the 1940 lows this Series, as compared with an advance of 2.8% for the Dow-Jones Industrials and 31.0% for the Dow-Jones Rails, has registered a gain of 98.6%!

* * *

The following portfolio changes during September are reported in the current "Letter" of the Broad Street Investing Corporation: Additions—Pepsi-Cola and Treasury Notes Series "C" 1¼s of 3/15/45; Eliminations — General Electric and United Gas $7 Preferred.

* * *

Investment Company Reports

The report of Incorporated Investors for the quarter ended Sept. 30, 1942, shows net assets of $31,115,709, compared with net assets of $28,138,414 on June 30, 1942. During the quarter the net asset value per share increased 10%, from $12.14 to $13.39.

Deere, Goodrich, National Dairy Products, and Western Union were added to the portfolio during the quarter while holdings of American Smelting, Caterpillar Tractor, General Cable "A," Hercules Powder, Pennsylvania Railroad, and Pullman were eliminated.

Substantial increases were made in the holdings of Dome Mines, Hollinger, McIntyre Porcupine, National City Bank, and Paramount Pictures.

On the selling side there were reductions in the holdings of International Harvester, Lone Star Cement, Bankers Trust, American Can, Atchison, Union Carbide, U. S. Pipe, and Nickel Plate, Pfd. In the defaulted rail bond group, no new companies were added or eliminated although there were some changes in the issues held.

* * *

Chemical Fund, Inc., reports an increase in net assets during the quarter ended Sept. 30, 1942, from $7,831,750 to $8,118,027 and net asset value per share increased from $7.85 to $8.15. The number of shares outstanding changed only from 996,739 to 995,773 shares, as the result of the sale of 9,836 shares and the repurchase of 10,802 shares.

* * *

The net assets of General Investors Trust at Sept. 30, 1942, amounted to $1,526,840.69, or $3.75 per share.

* * *

Investment Company of America reports net asset value of $3,026,211.73 as of Sept. 30, 1942, equal to $16.48 per common share. This compares with a net asset value of $15.24 per share at June 30, 1942, and $16.24 at Dec. 31, 1941.

* * *

Broad Street Investing Corp. reports net assets at Sept. 30, 1942, amounting to $4,474,656.45. This was equivalent to $18.37 per share of capital stock.

* * *

Net assets of General Shareholdings Corp. at Sept. 30, 1942, were reported at $6,710,055, equal to $73.94 per share of the preferred stock.

Denver Tramway Corporation

(Continued from page 1515)

lines and substituting electric trolley-coach services. This has been done at a cost approximating $750,000, and paid for in cash and equipment trust certificates—all of which have subsequently been paid off. Other rail lines will be replaced with trolley-coach lines as the new equipment can be obtained.

The company also owns an 8-story office building located at 14th and Arapahoe Streets in Denver, car barns, terminals, etc., and a steam generated power plant of 40,000 horsepower capacity which is supplied with coal from a company-owned mine.

The fare in Denver is 10¢ cash or 3 tickets for 25¢. This rate became effective in 1930.

Financial

As of Dec. 31, 1925, the funded debt of the company totalled $10,970,000. This debt has been reduced substantially each year since 1925 through debt maturities, sinking fund operation and purchase of bonds in the open market. As of Dec. 31, 1941, the debt totalled $4,829,900, showing a total debt reduction of $6,140,000 during the past 16 years.

Gross revenues from 1926 to 1931, inclusive, average $4,166,540 per year. During this period total income available for interest on the funded debt (after operating expenses, taxes and depreciation) averaged $978,015, while interest charges averaged $519,377 per year.

During the 10-year period 1932 to 1941, inclusive, gross revenues averaged $2,983,468. Total income averaged $345,235 and interest charges $336,669 per year reflecting the decrease in traffic due to the more general use of automobiles as well as an increase in expenses. The decline in traffic apparently stopped in 1932 and has remained stable since that time while interest charges have declined steadily.

Outlook

Traffic revenue has increased substantially since Jan. 1, 1942, and should not only increase at an accelerated pace during the balance of the year but should continue at a high level during and for some time, at least, after the end of the war. The increased revenues are now being reflected in the 1942 interim earnings reports and result in a very substantial increase in net income to the company after all charges.

In addition to the increased city traffic, occasioned by the rationing of automobile tires, the increased population of Denver (estimated at 70,000) and the personnel of various army camps, the company is also supplying transportation and freight service to the Remington Small Arms Plant and transportation to Fort Logan and to Lowry Field. In addition, transportation will have to be furnished to Buckley Field, which is now under construction. To meet this increased demand for transportation, the company has on order several new buses which should be delivered within the near future, and will be immediately put into service.

During this period of unusual earnings the company should be able to materially increase the cash position or substantially reduce the bonded debt. It is also conceivable that Denver will, after the war, retain a good part of the increased population which should result in a heavier volume of traffic and better earnings in the future than have been shown over the past few years.

The company has called as of Jan. 1, 1943, $782,000 of the general and refunding series A 5% bonds of 1950 which will leave $4,000,000 outstanding. No bank loans or other debts exist.

7% (5% Cumulative) Preferred Stock

(Par Value $100 Per Share)

Authorized	105,000 shares
Outstanding	104,412 shares

Has preference as to assets and cumulative dividends of 5%. In event company earns more than 5% in any year, preferred stock shall be entitled to cumulative dividends up to 7% for such year. In liquidation, entitled to par and cumulative dividends of 7%.

Has equal voting power per share with common stock. In event of dividends being one year in arrears, shall have sole right to elect directors.

Dividends at the annual rate of 5% were paid from Oct. 1, 1925, to Oct. 1, 1927; at lower rates thereafter until Jan. 2, 1932, when 25¢ per share was paid. No dividends have been paid since January, 1932. Cumulative unpaid dividends totalled $65.37 per share as of Dec. 31, 1941. Dividend dates: January, April, July, October 1.

THE DENVER TRAMWAY SYSTEM

Comparative statement of Earnings, Expenses and Fixed Charges of
The Denver Tramway Corporation and The Denver and Intermountain Railroad Company
(With Inter-Company Transactions Eliminated)

12-Months' Period Ended Sept. 30

	1942	1941
Total operating revenue	$4,221,867.46	$3,200,350.91
Less operating expenses and taxes:		
Operating expenses (excluding depreciation)	$2,299,782.77	$1,964,469.28
Depreciation (Note 1)	575,543.08	568,212.77
Taxes	340,134.29	358,137.11
Total operating expenses, depreciation and taxes	$3,215,460.14	$2,890,819.16
Net operating income	$1,006,407.32	$309,531.75
Total miscellaneous income	13,297.37	11,667.22
Gross income, less operating expenses, depreciation and taxes	$1,019,704.69	$321,198.97
Deductions from income:		
Interest on unfunded debt	$83.78	------
Interest on general and refunding bonds	240,896.25	$243,401.25
Interest on equipment trust certificates	422.92	4,725.00
Total deductions from income	$241,402.95	$248,126.25
	$778,301.74	$73,072.72
Estimated provision for Federal and state taxes on income	350,000.00	------
Balance for debt maturities, sinking funds and other corporate purposes	$428,301.74	$73,072.72

9-Months' Period Ended Sept. 30

	1942	1941
Total operating revenue	$3,324,425.82	$2,414,695.19
Less operating expenses and taxes:		
Operating expenses (excluding depreciation)	$1,750,711.39	$1,481,293.83
Depreciation (Note 1)	431,101.67	425,365.23
Taxes	251,208.87	266,375.50
Total operating expenses, depreciation and taxes	$2,433,021.93	$2,173,034.61
Net operating income	$891,403.89	$241,660.58
Total miscellaneous income	10,874.48	8,569.60
Gross income, less operating expenses, depreciation and taxes	$902,278.37	$250,230.18
Deductions from income:		
Interest on unfunded debt	$83.78	------
Interest on general and refunding bonds	180,522.50	$182,353.75
Interest on equipment trust certificates	------	3,150.00
Total deductions from income	$180,606.28	$185,503.75
	$721,672.09	$64,726.43
Estimated provision for Federal and state taxes on income	350,000.00	------
Balance for debt maturities, sinking funds and other corporate purposes	$371,672.09	$64,726.43

Note 1—Depreciation accruals are at the rate of $500,000 per annum on the rail system in accordance with findings of The Public Utilities Commission of Colorado and of the United States District Court for the District of Colorado. Accruals in excess of this amount cover bus and trolley coach operations on a mileage basis.

What *Every Woman* wants to know about a Man . .

. . . that he chooses flowers for her, and Old Schenley, *America's mildest bottled in bond*, for his guests!

First in Quality
OLD SCHENLEY
America's Mildest
BOTTLED IN BOND

Milder! . . Older! . . Better!

Straight Bourbon Whiskey — 100 Proof — This Whiskey is 6 Years Old.
Stagg-Finch Distillers Corporation, N. Y. C.
SIX 6 YEARS OLD
BOTTLED IN BOND
OLD SCHENLEY
Straight Bourbon Whiskey

Airlines Favored By War And Peace

(Continued from page 1514)

Passengers Carried (U. S. only)
(thousands of passengers)

	February	March	April
1942	286.4	371.4	428.2
1941	218.2	245.9	308.6
1937	58.0	75.0	76.2

As the volume of operations greatly expands, even small profit margins on services performed should bulk large in terms of net income for the airline companies. In this connection it should be noted that they are given special tax treatment, being exempt from excess profits taxes on earnings up to the amount of compensation received from transportation of the mails.

The post-war potentialities of the airline companies are clear to most investors. What has not been clear is their immediate wartime outlook. The developments of recent months have gone a long way toward dispelling the wartime uncertainties with which they have been faced.

* * *

Some of the problems as well as the potentialities of the airlines are revealed in the following thumbnail sketches of certain smaller companies in the field.

Braniff Airways, Inc.

This company provides passenger, mail and express service in the territory extending from the Great Lakes to the Gulf, linking Chicago and Kansas City with Texas and the Southwest. Through connections are maintained with Latin America. Capitalization at the 1941 year-end consisted of $266,667 of mortgage notes due serially to August, 1945, and 400,000 shares of $2.50 par value capital stock. Financial condition at that date was fair.

FOUR YEAR GROWTH
Years Ended Dec. 31

	1938	1939	1940	1941
Revenue miles flown	2,692,266	3,486,925	4,661,404	5,574,708
Revenue passenger miles flown	13,503,727	19,815,703	36,030,222	45,989,555
Passengers carried	39,023	62,247	115,410	152,001
Mail lb. miles flown	423,907	501,758	542,342	667,770
Mail lbs. carried	1,165,688	1,412,599	1,542,325	2,019,230

EARNINGS, DIVIDENDS AND NET ASSETS PER SHARE
Years Ended Dec. 31

Year	Earned Per Share	Dividend	Net Assets Per Share
1939	$0.11	Nil	$8.22
1940	0.19	Nil	3.62
1941	d0.45	Nil	3.34

Chicago & Southern Air Lines, Inc.

Company operates a 900-mile route between Chicago and New Orleans via St. Louis, Memphis and Jackson, Miss. A new line between Houston and Memphis via Shreveport was opened in March, 1941, adding some 55% to mileage operated. Capitalization consists of $175,000 notes payable, 32,773 shares of 7% cumulative convertible preferred stock ($10 par) and 167,730 shares of no par common stock. As last reported, the company was in fair financial condition.

FOUR YEAR GROWTH
Years Ended June 30

	1938	1939	1940	1941
Revenue miles flown	1,441,735	1,768,668	1,943,951	2,325,817
Revenue passenger miles	6,895,319	9,241,554	15,973,503	23,414,438
Revenue passengers	17,983	23,353	42,019	62,125
Gross passenger revenue	$314,103.07	$424,115.24	$725,791.00	$1,065,358.00
Mail lb. miles	134,668,391	192,459,984	------	------
Express lb. miles	42,157,946	56,411,769	72,866,000	107,982,000

EARNINGS, DIVIDENDS, PRICE RANGE

Year	Earnings Per Share	Dividends	Price Range High	Price Range Low
1942	----	$0.50	--	--
1941	d$0.80	Nil	5	3
1940	0.03	Nil	13	6
1939	0.45	0.15	--	--

(Dividends paid June 30, 1942)

Continental Air Lines, Inc.

Operating out of Denver, this company provides all forms of commercial air transport service over air mail route 29 to El Paso, Texas, and over air mail route 43 from Pueblo, Colorado to Tulsa, Oklahoma. Common stock of $1.25 par value outstanding in amount of 250,756 shares represents the sole capitalization. Financial position as reported for June 30, 1941 showed a working capital deficit of $17,046.

THREE YEAR GROWTH
Years Ended June 30

	1939	1940	1941
Revenue passenger miles flown	708,373	1,211,670	1,414,785
Revenue passengers carried	------	11,393	17,232
Revenue passenger miles	------	3,459,687	5,264,804

EARNINGS AND OPERATING RECORD
Years Ended June 30

	1938	1939	1940	1941
Operating revenue	$223,000	$301,000	$534,000	$715,000
Net income	d12,000	20,000	37,000	d35,000
Earnings per common share	d$0.63	------	$0.18	d$0.14

Delta Air Corp.

Originally organized to carry on dusting operations in the cotton belt, company now operates routes between Fort Worth, Dallas and Tyler, Texas; Shreveport and Monroe, La.; Jackson and Meridian, Miss.; Birmingham, Cincinnati and Knoxville. Capitalization consists of $130,000 of equipment purchase obligations and 195,156 shares of no par common stock. Financial condition as last reported was only fair.

FOUR YEAR GROWTH
Years Ended June 30

	1938	1939	1940	1941
Revenue miles flown	1,344,870	1,416,546	1,790,706	2,476,569
Revenue passengers carried	18,480	22,733	40,068	58,208
Revenue passenger miles	5,200,797	6,439,846	10,283,192	15,526,291
Passengers load factor	39.5%	45.4%	52.8%	43.0%
Lbs. mail carried	302,709	342,583	441,797	581,984
Mail lb. miles	114,226,522	132,061,894	150,160,736	216,133,791

EARNINGS AND DIVIDENDS

Year	Earnings Per Share
1938	$0.14
1939	0.26
1940	0.30
1941	d0.43

Dividend payment of $2 on the old common stock was made in 1938 and 1939 which would approximate 33 cents on the present capitalization basis; a dividend payment of $1 was made in 1940 which would approximate 17 cents on the present basis.

Mid-Continent Airlines, Inc.

Routes operated by this company extend from Minneapolis to important cities in Iowa, Nebraska, Missouri, Oklahoma, North and South Dakota. At Dec. 31, 1941 a $128,600 mortgage payable was all that stood ahead of the 389,399 shares of $1 par common stock. Financial condition was good.

THREE YEAR GROWTH
Years Ended June 30

	1939	1940	1941
Miles flown	1,059,642	1,340,829	1,983,522
Passengers carried	14,134	19,764	29,245
Passenger miles flown	3,380,174	5,174,525	7,832,885
Mail lb. miles	64,327,949	71,005,140	122,189,584
Express lb. miles	11,641,820	12,906,310	15,165,696

EARNINGS AND PRICE RANGE
Years Ended June 30

Year	Earned Per Share	Price Range High	Price Range Low
1940	$0.11	6½	4
1941	d0.41	5½	2

National Airlines, Inc.

Company serves major cities in Florida with lines extending to New Orleans via Mobile, Alabama. Capitalization is simple, consisting of 270,000 shares of $1 par common stock. As of June 30, 1942, financial condition was good with a current ratio of 2.74 to 1.

THREE YEAR GROWTH
Years Ended June 30

	1939	1940	1941
Revenue miles flown	573,130	835,309	1,436,400
Revenue passengers carried	6,981	15,365	29,959
Revenue passenger miles	1,340,050	3,465,316	7,264,322

EARNINGS, DIVIDENDS, PRICE RANGE

Year	Earned Per Share	Dividends	Price Range High	Price Range Low
1942	$0.68	---	--	--
1941	d0.02	Nil	8½	5¼
1940	0.13	Nil	9¾	3½

Northeast Airlines, Inc.

This company operates two routes out of Boston, one extending to Montreal via Concord and Burlington, the other to Caribou, Maine via Portland and Augusta. Capitalization is made up of $80,000 notes payable and 300,000 shares of $1 par common stock. Financial condition was only fair as last reported.

THREE YEAR GROWTH
Years Ended June 30

	1939	1940	1941
Revenue miles flown	666,683	885,147	1,201,531
Passengers carried	16,079	24,219	36,616
Revenue passenger miles	2,445,314	3,683,029	5,557,050
Mail carried (lbs.)	92,200	95,552	115,748

EARNINGS AND OPERATING RECORD
Years Ended June 30

	1940	1941
Total operating revenue	$48,000	$607,000
Net income	9,600	d56,000
Earned per share	----	d$0.19

Tomorrow's Markets Walter Whyte Says—

Market top indicated long before Solomon news made public. Bottom in sight 5 points lower where profits not accepted stops should be watched.

By WALTER WHYTE

Since last week, the market, like the Chinese in that yarn who had foreign exchange trouble, simply fluctuated. Monday, it managed to cross the 115.50 mark (DJ) but on Tuesday it sank back to 113.50. That the 115-116 range turned out to be a tough spot was no surprise. The market gave plenty of indications in the past three weeks that this would be the case.

* * *

When I advised profit taking in anticipation of the trouble ahead I had no idea of what news or combination of news would bring the advance to a halt. Yet, as I have often said before and repeat now, it isn't necessary to know all the facts. Fundamental causes eventually make themselves known. The trouble lies in the fact that markets have nasty habits of anticipating news, not reflecting it. Of course this doesn't hold true always. Unexpected events can hit the market with a sock that can leave you dizzy. But by and large the market has its own way of reflecting events which may be known to only a handful of people.

* * *

In the week of Oct. 10 the Dow averages managed to get up to about 115 or so. Even the rails went up to a new high on the move. Right away market theorists began pointing with pride to the new bull market.

* * *

A few days later the averages declined to about 112. Nervousness increased, and the cocksure optimists began looking around for arguments to sustain them.

* * *

In the week of Oct. 17 the market got another shot in the arm and went back up again; this time keeping its head well in the 115-116 range. Again the bulls began crowing. Technicians began chortling and everything was fine again.

On this scene of joy and light I came out flatly and told you to sell. Having given you specific prices at where to get in I followed it up with equally specific prices at which to get out. As Monday's market closed the profit-taking figures were reached and, I assume, accepted. In one or two instances the stocks you were advised to sell managed to add a few points more before turning down. But I had no idea of making the absolute top.

Selling stocks when everybody around you is buying or talking of buying them is not an easy thing to do. But just because it is so difficult, it's the only thing to do.

Once before I mentioned that this business of trading in the market is a lonesome job. Mass opinions are more often wrong than right. And the man who would cash in paper profits must of necessity be a lone wolf. Of course there is always the possibility of losing a good position. But you have to take your chances. You can't have everything. Ideal conditions never exist in the stock market. If you wait for them the chances are you'll be left behind with a bunch of memories to sustain you.

* * *

The big news given today as the reason for the current decline is the battle in the Solomons. Its too early to say how it will come out. But the market itself continues to show indications that no worthwhile turn will occur until the 108-109 figure is reached. This is still some four or five points away. Meanwhile the war news will be as confused as ever you saw it.

* * *

Incidentally, basing market purchases on official war communiques has yet to prove worthwhile. Nothing is less certain than the fortunes of war. Today's victory is tomorrow's defeat. We sink a couple of Jap ships today and later learn we lost as many ourselves. Studying corporate figures also has its limitations. Profits reported for any last quarter is never a guarantee for future quarters. It all adds up to this: If you want to make money in the market then follow the market, not news or statistics.

* * *

The question will undoubtedly crop up now as to whether or not I still consider this a bull market. The answer is yes. But as I have mentioned before, even bull markets don't go up in straight lines. A 10 point advance can easily be followed by a five point decline. And as most people unfortunately buy stocks during the last part of the advance, the subsequent declines are anything but comfortable.

* * *

Time and again I have known people to buy stocks within a point or so of what was later to prove a top only to get out with losses at levels which later proved to have been the bottom. A few trades like this and the average account is all washed up. Bull markets don't do him any good.

As this is being written the market has gone off some more. The Dow averages are hugging the 113 figure and before you read this, will probably have broken through. Yet, in all fairness, it must be pointed out that in advancing from 112 to 116 the market has built up a reservoir of strength that won't be broken up so easily.

* * *

When first trying to estimate the possible lows of the coming decline I decided 104-105 would be seen. Later, in rechecking the past market performance, I raised it to 108-109. Up to this writing I still see it that way. So, until these figures are approximated, I hold new recommendations in abeyance.

* * *

Meanwhile readers who still hold stocks should not forget the critical levels given here last week.

* * *

More next Thursday.

—Walter Whyte.

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

Municipal News And Notes

(Continued from page 1520)

the 1943 issue of primary road bonds totaling $8,248,970, including interest, would be paid next year despite any large reduction in revenues.

The State still has $55,684,000 of primary road bonds outstanding out of $118,186,000 issued since 1919 by 98 out of 99 counties. Falling due next year will be $6,864,000 on the principal and $1,384,970 in interest. Payment will come out of motor vehicle registrations and a portion of the gasoline tax collections.

C. Fred Porter, State Comptroller, predicted that with gasoline tax collections cut in half and a one-third cut in motor vehicle registrations, the State would have enough funds to maintain its highway maintenance program and to meet debt service on the primary road bonds.

The Highway Commission, however, had submitted a budget to the Governor calling for an increase of $400,000 in maintenance funds. The Commission asked for $5,234,066, compared with the $4,835,900 spent this year.

Gasoline tax collection so far this year are approximately $800,000 behind the record of $18,200,191 collected in the 1941 fiscal year. Officials expect the total in the current fiscal year to range around $18,500,000. This is comparable to the yield in the 1939 fiscal year.

New Refunding Plan Proposed For Philadelphia

A new refunding plan providing for exchange of a maximum of $162,296,000 outstanding obligations of City of Philadelphia for new refunding bonds with extended call dates was recently presented to Mayor Samuel and the City Council by Drexel & Co. of Philadelphia and Lehman Brothers of New York.

The same bankers were managers of a nation-wide banking group which under the refunding plan adopted by the city in June, 1941, effected the exchange of more than $83,000,000 of the city's bonds in one of the largest municipal refinancing operations ever carried out.

It is the intention of the bankers to invite those banks and firms who participated in the 1941 plan to join with them in effecting exchanges under the new plan.

The new plan proposes the exchange of outstanding bonds, optionally callable between 1944 and 1953 and bearing interest at rates from 4% to 5%, for new securities carrying the same rates of interest to the original call dates and at 3¼% thereafter. The maturities of the new bonds range from 1959 to 1975 but become optionally callable by the city on various dates beginning in 1949. The 1942 plan provides two choices of maturities for the holders of about 90% of the bonds eligible for exchange—one series due in 1965 and the other due in 1975.

The plan is calculated to effect a reduction of $45,000,000 in debt service over the life of the bonds included, on the basis of a 100% exchange of the $140,582,900 eligible bonds held by the public. This calculation does not take into account any interest saving on the remainder of the bonds eligible for exchange which are held by the city sinking funds.

In submitting the plan to the city, the bankers called attention to the effort of the United States Treasury and the Administration to subject future issues of municipal bonds to Federal income tax and said there was no assurance that efforts would be not renewed to have such a provision included in future revenue bills. For this reason and also because borrowing by the Federal Government for the prosecution of the war is constantly increasing in volume and may effect present low interest rates, prompt action by the city was advocated. With the municipal market still at a relatively high level, the bankers pointed out, Philadelphia bonds can now be refunded at a favorable interest rate.

Frank C. Moore Nominee For N. Y. State Comptroller

In all too many instances, and unfortunately so, the candidates for public office are very often individuals who, on the basis of their background and practical experience, are largely unqualified to adequately conduct the affairs of the position to which they aspire. Fortunately this cannot be said of the Republican candidate for the office of Comptroller of the State of New York, who is Frank C. Moore, a member of the firm of Dillon, Vandewater & Moore, municipal bond attorneys of New York City. As to Mr. Moore's qualifications for the post, the subject was well covered in an editorial in the New York "Herald Tribune" of Oct. 22, from which we quote as follows:

"A lawyer by profession, he has been active in local politics up-State since the first World War, in which he participated as a Royal Air Force aviator, and has the distinction of knowing more about the practical problems of local government in this State than any one else—professors of political economy included. Furthermore, because he realizes so keenly the importance of local government, he has taken the lead in a State-wide movement to educate town, village and county officials in their duties. Before he conceived the idea of such a school for officials they learned their tasks as best they could, by rule of thumb.

"So distinguished has Mr. Moore's work been in this field that Hobart College, in giving him an honorary degree, referred to the 'conspicuous and astonishing success' with which he had persuaded thousands of local government employees to apply themselves to the study of their duties, and described him as representing 'a very rare cambination of educator and expert in local government.' In addtion, Mr. Moore has served as counsel for many towns and cities in fiscal matters and has an exceptional knowledge of municipal financing. He has been a member of numerous State Commissions, including one on municipal finance, one on the extension of civil service, and the Mastick Commission for Revision of the Tax Laws.

"While Mr. Moore has had an office in this city for years, his life has been spent up-State, and it is in that region that he is best known. A modest man, more interested in getting things done than in taking credit for them, he has gone about his affairs quietly but with marked success. If the voters in this part of the State were to come to know him as well as those up-State there would be little doubt that they would hold him in the same high esteem as that in which he is held from Albany north and west. Few men are better fitted by training and character for the important post of State Comptroller."

Florida's Municipal Credit Analyzed

A comprehensive report on Florida municipal finances which should prove extremely valuable to the many present owners and prospective investors in the bonds of the local taxing units in their appraisal of the financial structure and credit standing of the subdivisions has just been prepared by Welsh, Davis & Co., 135 South La Salle St., Chicago, Ill. The need for such a guide is additionally imperative in view of the many problems, investment and otherwise, arising as a result of the war.

The bond house informs us that a limited number of copies of the report are available for distribution, "and as long as the supply lasts we will furnish one copy to anyone who is interested in Florida bonds." Requests for copies should be addressed to Maurice A. Zollar, Vice-President of Welsh, Davis & Co.

Jersey City Reports $6,300,000 Free Cash Surplus

Six years of a pay-as-you-go policy, adopted by Jersey City in 1936 in agreement with its bond holders, have resulted in the accumulation of an unencumbered cash surplus of over $6,300,000 on January 1, 1942, or approximately 20% of the total annual budget, according to Wainwright, Ramsey & Lancaster, financial consultants of the city.

In a statement issued Oct. 26 the firm, located in New York City, reported that this surplus has been realized because of the city's policy of (1) conservatively estimating revenue collections, and (2) underexpending the sums appropriated. In each of the past three years over $1,000,000 of unexpended appropriation balances have been cancelled.

The firm further stated that, based on the collection of revenues received during the first three-quarters of 1942, there should be no material change in the city's favorable current position as a result of operations this year.

San Antonio, Texas, Bond Sale Litigation Ended

Litigation which overshadowed the Aug. 24 award of $33,950,000 electric light and power plant and gas distribution bonds has been settled out of court and the obligations distributed to the syndicate on Oct. 25. The successful bidder at the sale was a syndicate headed by A. C. Allyn & Co., Inc., which specified a delivery date of Oct. 26. The loan was floated to finance acquisition by the city of the properties of the San Antonio Public Service Co. The Guadalupe-River Authority, which previously sought to acquire the facilities, endeavored to block the sale through court action, with the result that delivery of the bonds had to be postponed. Following the bond sale, the firms of Dillon, Read & Co. and Kuhn, Loeb & Co. were asked to join the syndicate, and the former house headed a nationwide banking group in the successful distribution of the securities. The selling group has been terminated.

Missouri's Highway Revenues For Debt Service Adequate

Despite declining revenue due to wartime car travel restrictions, it is reported that the State's highway department will finish this year in perhaps the best financial condition in its history. The reason ascribed for this pleasant outlook is that the Highway Commission has reduced its expenditures even more sharply than its income has dropped and has enforced a careful long-range plan for future expenses.

The prediction is made that the department will have sufficient funds at the close of the year to take care of all of next year's $8,000,000 bond principal and interest requirements on its obligations and still have money available to apply toward 1943 road maintenance. Should this forecast materialize, it will mark the first time in the memory of veteran highway employees that the Department has ever ended a year with a cash balance without help of new bond sales.

Of course, highway officials cautiously emphasize that they cannot predict next year's developments, and they decline to comment on Auditor Forrest Smith's recent warning that a property tax might be necessary by 1944 to meet the State's heavy road bond commitments.

But their figures indicate it will take a drastic reduction in motor car use to bring about such a situation—that soon, at least.

When the new Highway Commission first began its retrenchment program it prepared for a reduction of 35% in gasoline tax collections and about 12% in registration fees — the two main sources of highway funds.

Actually, however, the revenue from both sources is running less than 10% under last year.

That gives the Commission more money than expected.

Connecticut State Debt Rapidly Reduced

The annual report of John M. Dowe, State Comptroller, for the fiscal year ended June 30, 1942, states that a sum of at least $10,000,000 of the general fund surplus of $13,758,514 will be applied very shortly to a further reduction of the State's bonded debt, which amounted to $19,385,000 at the close of the fiscal year.

Allowing for this application of funds, Connecticut's original debt of $25,000,000, which when issued less than four years ago was to be retired over a 20-year period, will be retired or offset within a period of three years or less from the present period if the present rate of reduction is maintained, Mr. Dowe said. At the time of issue, the bonds were to be retired at the rate of $1,250,000 annually. At the suggestion of Governor Robert A. Hurley, the General Assembly enacted Section 3-f of the 1941 supplement to the General Statutes, which provides for the transfer of the general fund surplus in excess of $1,000,000 to a special fund for investment in bonds issued by the State, "after taking into consideration unexpended applicable biennial or continued appropriations as determined by the Commissioner of Finance and Control." Pursuant to this requirement, a sum of $1,950,251 was transferred during the last fiscal year and the report of Comptroller Dowe states that "I can now conservatively estimate" that at least $10,000,000 of the June 30 surplus will also be applied to a reduction of outstanding bonds.

California's Cash Surplus Nears $50,000,000 Mark

California ranks high among the States which are riding the wave of wartime prosperity, the State Treasury having reported on Oct. 14 a cash surplus within close proximity to the $50,000,000 mark.

Controller Harry B. Riley declared in a financial report that revenue is pouring in to the State's coffers in greater volume than ever before, and that on Oct. 1, in place of a $34,718,560 deficit on the same day in 1941, the State had a cash excess of $46,227,112.

Income for the three-month period up to Sept. 30 totalled $58,481,000, and expenditures amounted to $26,396,716.

"Abnormally heavy business activity has increased the yield of nearly every tax source," the Controller said, "and the discontinuance of unemployment relief has removed one of the largest items of expense. Those two factors have combined to give the State an income greatly exceeding its expenditures."

Returns from the sales tax, California's No. 1 income source, showed a loss of $2,962,781, as compared with the third quarter of 1941. Riley attributed the decline to $31,009,754 in revenue to war restrictions on the purchase of automobiles, tires, refrigerators, washing machines and other durable goods.

FPHA To Improve Tax Relations With Cities

The Federal Public Housing Authority has announced that a more liberal and uniform system for the making of payments in lieu of taxes on public housing projects has been established.

The new policy, it is stated, is expected to improve the tax relations between public housing projects and local governments by "giving greater certainty to contributions which may be expected in municipal budgets; equalizing treatment among municipalities and on public housing built under various acts and by increasing contributions to the increased costs of municipal service such as schools, health, police, fire, etc., occasioned by the in-migration of war.

The Lanham Act, explains the agency, under which the major portion of war-housing projects has been constructed, requires the payments in lieu of taxes of an amount substantially equal to normal taxes less an appropriate deduction where certain municipal services are not supplied. A large amount of war housing, it is pointed out, has been constructed with funds supplied under other acts and the new order makes the payments in lieu of taxes on projects constructed under these acts uniform with those made on Lanham Act projects.

In addition to the war housing owned outright by the Federal Government, many projects for war workers have been constructed by local housing authorities with funds loaned by the Government out of low-rent housing appropriations converted to war purposes. The income of the tenants generally makes it unnecessary for subsidized rents to be charged, and on such projects FPHA has authorized local housing authorities to make payments in lieu of taxes substantially equal to normal taxes or as much thereof as the revenues of such projects will permit.

The new policy also makes possible somewhat more liberal payments in lieu of taxes of low-rent slum-clearance housing projects. Hereafter local housing authorities will be authorized to make uniform payments each year out of available funds equal to an established portion of expected income from projects for that year.

N. Y. State's Motor Fuel Sales Down 39%

The full effect of permanent rationing of gasoline was felt in New York State for the first time in August, when taxable motor fuel sales dropped 39%, compared to last year, according to a report just issued by Carroll E. Mealey, President of the State Tax Commission. The July sales had declined 26%.

The August taxable gallonage was reported as 119,931,531 gallons, in contrast to 196,091,862 gallons sold a year ago. Total August consumption of motor fuel in the State, including all non-taxable sales, was 134,084,880 gallons, as against 209,992,954 gallons last year.

The reduction cut sharply into the State's motor fuel receipts in the September collection period. Commissioner Mealey said the loss for the month would exceed $3,000,000. At the end of eight months of 1942, taxable motor fuel sales totalled 992,927,760 gallons—a decline of about 22% compared to the corresponding figure for last year.

Liquor sales in the State went into an expected slump during August, the aftermath of consumer and dealer stocking up in July when sales soared in anticipation of the effective date of the State minimum price law.

The August sales gallonage of liquor over 24% alcohol was reported as 937,433 gallons, a decline of 685,351 gallons compared to a

(Continued on page 1543)

Calendar of New Security Flotations

OFFERINGS

THE TRION COMPANY

The Trion Company has filed a registration statement with the SEC for 6,000 shares of 7% cumulative preferred stock, par value $100 per share.

Address—Trion, Georgia.

Business—Company manufactures, finishes and fabricates cotton goods in its plant at Trion, Ga.

Underwriting—Courts & Co., Atlanta, Ga., is named principal underwriter. Other underwriters will be named by amendment.

Offering—The 6,000 shares registered are issued and outstanding and are being offered for the account of a corporation and individual stockholders. The price to be paid for the stock by the underwriters and the offering price to the public will be supplied by amendment.

Proceeds—The registrant is not to receive any of the net proceeds which will go to the selling stockholder.

Registration Statement No. 2-5035. Form S-2. (8-13-42)

Trion Company on Oct. 9 filed an amendment to its registration statement which places the number of shares of 7% cumulative preferred stock to be offered at 5,496 in place of the 6,000 shares named in original registration statement

The underwriters and the number of preferred shares which each has agreed to purchase are given as follows: Courts & Co., Atlanta, 1,000; R. S. Dickson & Co., Inc., Charlotte, N. C., 1,000; Kirchofer & Arnold, Inc., Raleigh, N. C., 950; Milhous, Gaines & Mayes, Inc., Atlanta, 500; Wyatt, Neal & Waggoner, Atlanta, 500; Brooke, Tindall & Co., Atlanta, 450; J. H. Hilsman & Co., Inc., Atlanta, 450; Robinson-Humphrey Co., Atlanta, 400, and Clement A. Evans & Co., Inc., Atlanta, 246 shares

In an amendment filed Oct. 21 the public offering price of the company's 7% cumulative preferred stock, par $100, is given at $100 per share plus dividends accrued from Sept. 15, 1942, to date of delivery. The shares are being offered for the account of certain stockholders. Price to be paid by the underwriting group to the selling stockholders is $95 per share, plus dividends.

Registration effective 5 p. m. ESWT on Oct. 22 as of 5:30 p. m. ESWT on Sept. 1, 1942

Offered—Sept. 26, 1942, by Courts & Co. and associates at 100 and dividends

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Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern Standard Time as per rule 930(b).

Offerings will rarely be made before the day following.

TUESDAY, NOV. 3

FIREMAN'S FUND INSURANCE CO.

Fireman's Fund Insurance Co. has filed registration statement with SEC for 64,086 shares of $10 par value common stock

Address—San Francisco, Calif.

Business—Fire, motor and marine insurance, etc.

Offering—After reclassification of securities to offer 33,738 shares of Fireman's $10 par common and scrip for fractional shares in exchange for 44,984 shares of $10 par common of Home Fire & Marine Insurance Co. of California on basis of 75/100ths share of Fireman's Fund for one share of Home; and 30,348 shares of Fireman's in exchange for 67,440 shares of $10 par common of Occidental Insurance Co. on basis of 45/100ths share of Fireman's Fund for one share of Occidental

Underwriting—There are no underwriters

Proceeds—To be issued under plan of exchange

Statement filed in San Francisco

Registration Statement No. 2-5051. Form A-2. (10-15-42)

MONDAY, NOV. 9

JEFFERY BOULEVARD BUILDING CORP.

Jeffery Boulevard Building Corp. through voting trustees has filed a registration statement with the SEC for voting trust certificates covering 1,471 shares of preferred stock, par value $100 per share, and 163 shares of common, no par value

Address—10 South La Salle St., Chicago

Business—Apartment building

Offering—To be issued in connection with the extension of a voting trust agreement for a period of seven years from Aug. 15, 1942, to August 15, 1949, unless continued for a longer period by the affirmative vote of holders of 51% in amount of the outstanding voting trust certificates outstanding, representing the preferred stock. The stock was originally issued at the time of the reorganization of the property and placed in a voting trust for a period of five years. Trustees deem it advantageous to continue the voting trust for a further period.

Registration Statement No. 2-5052. Form F-1. (10-21-42)

OAKDALE INCORPORATED

Oakdale Incorporated through voting trustees has filed a registration statement with the SEC for voting trust certificates covering 1,056 shares of preferred stock, par value $100, and 117 shares of common stock, no par

Address—10 South La Salle St., Chicago

Business—Apartment building

Offering—To be issued in connection with the extension of a voting trust agreement for a period of seven years from Aug. 15, 1942, to Aug. 15, 1949, unless continued for longer period by vote of 51% of class A certificates which represent preferred stock

Registration Statement No. 2-5053. Form F-1. (10-21-42)

AVALON COURT APARTMENTS, INC.

Avalon Court Apartments has filed a registration statement with the SEC for voting trust certificates covering 1,025 shares of preferred stock, par $100 per share, and 113 shares of common, no par

Address—10 South La Salle St., Chicago

Business—Apartment building

Offering—To be issued in connection with the extension of a voting trust agreement for a period of seven years from Aug. 15, 1942, to Aug. 15, 1949, unless continued for a longer period by affirmative vote of holders of 51% of class A certificates representing the preferred stock

Registration Statement No. 5054. Form F-1. (10-21-42)

SATURDAY, NOV. 14

KEYSTONE CUSTODIAN FUNDS, INC.

Keystone Custodian Funds, Inc., has filed a registration statement with the SEC covering 200,000 shares, investment trust-full certificates of participation, series "B-3"

Address—50 Congress St., Boston, Mass.

Business—Investment trust.

Underwriting—Keystone Corporation, of Boston, under control with Keystone Custodian Funds, Inc., is principal underwriter

Offering—At market

Proceeds—For investment.

Registration Statement No. 2-5055. Form C-1, (10-26-42)

KEYSTONE CUSTODIAN FUNDS, INC.

Keystone Custodian Funds, Inc., has filed a registration statement with SEC covering 150,000 shares, investment trust-full certificates of participation, series "K-1"

Address—50 Congress St., Boston, Mass.

Business—Investment trust.

Underwriting—Keystone Corporation of Boston, under control with Keystone Custodian Funds, Inc., is principal underwriter

Offering—At market

Proceeds—For investment

Registration Statement No. 2-5056. Form C-1. (10-26-42)

KEYSTONE CUSTODIAN FUNDS, INC.

Keystone Custodian Funds, Inc., has filed a registration statement with SEC covering 150,000 shares, investment trust-full certificates of participation, series "S-2"

Address—50 Congress St., Boston, Mass.

Business—Investment trust.

Underwriting—Keystone Corporation of Boston, under control with Keystone Custodian Funds, Inc., is principal underwriter of certificates of participation in the Keystone Funds

Offering—At market

Proceeds—For investment

Registration Statement No. 2-5057. Form C-1. (10-26-42)

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

CENTRAL MAINE POWER CO.

Central Maine Power Co. filed a registration statement with SEC for $14,500,000 first and general mortgage bonds, Series M, maturing July 1, 1972; $5,000,000 ten-year serial notes, maturing serially on July 1 from 1943 to 1952, and 261,910 shares of common stock, par value $10 per share.

Address—9 Green Street, Augusta, Maine

Business—Company is an operating public utility and engages in the electric, gas and water business, entirely within the State of Maine

Underwriting—The bonds and the notes will be sold under the competitive bidding rule of the Commission. Names of underwriters and amounts and offering price to public will be supplied by amendment

Offering—Public offering price of the bonds and notes will be supplied by amendment. The 261,910 shares of common are first to be offered to the holders of the company's outstanding common stock and 6% preferred stock for subscription at $10 per share in accordance with their preemptive rights. New England Public Service Co. has subscribed for and agreed to take the 261,910 shares, less any shares as may be subscribed for by stockholders, and to pay therefor in cash at $10 per share provided the proposed merger be-

Proceeds—Statement says that prior to the issue of the securities now registered Cumberland County Power & Light Co., a public utility incorporated in Maine in 1909, will be merged into the company and Central Maine will thereupon acquire, pursuant to an agreement of merger, the business and all the rights, powers, etc., of Cumberland. After the merger has become effective, the business of the company will include also the business, franchises and properties of Cumberland, the separate existence of which will have ceased

Net proceeds from the financing in accordance with the merger plan recently filed with the commission will be used as follows:

Net proceeds of the series M bonds will be used to pay principal and premium in the redemption at 105% on Oct. 1, 1942, of $1,494,000 face amount of first mortgage, 4% series, due 1960, of Cumberland Power, $1,538,060; to pay principal and premium in the redemption at 105½% on a date in 1942 to be announced of $9,275,000 face amount first mortgage bonds, 3½% series, due 1966 of Cumberland County $9,784,348 and to pay bank loans made by the company which were incurred for the purchase and construction of facilities $2,650,000.

Net proceeds of the serial notes and the common stock will be used to pay par and premium in the redemption on a date to be fixed in 1942 of an unspecifed number of shares of 6% preferred stock and an unspecified number of shares of 5½% preferred stock of Cumberland County at 130% and 110%, respectively, all of which shares are to be called for redemption by Cumberland County prior to the proposed merger and converted under the agreement of merger into an obligation of the company to deposit the redemption price thereof in trust for the holders of such shares. The amount to be utilized in such redemption will be supplied by amendment.

Additional net proceeds from the sale of serial notes and common stock will be used to acquire 300 shares of the common stock and $6,000 face amount of 5% debentures of Aug. 1, 1936, due Aug. 1, 1956, of Nepsco Services, Inc., and 10 shares of common of Nepsco Appliance Finance Corp. $9,100 and to acquire all of the 650 outstanding shares of the no par capital stock of New England Pole & Treating Co. $110,000.

Balance of net proceeds of the series M bonds, the serial notes and common stock will be used to redeem at $120 per share or otherwise retire on or before Oct. 1, 1942, an unspecified number of shares of 7% preferred stock of the company and for the purchase and construction of facilities for the carrying out of the company's business.

Registration Statement No. 2-5024. Form A-2. (6-29-42)

Central Maine Power Co. on Aug. 5, 1942, filed a request with the SEC to withdraw trust indenture data in view of decision to sell the proposed issue of $5,000,000 10-year serial notes at private sale. On July 16, 1942, company filed an amendment with the SEC to withdraw the proposed notes from registration and such withdrawal was approved Aug. 19, 1942

Amendment filed Oct. 16, 1942, to defer effective date

DENVER CHICAGO TRUCKING CO., INC.

Denver Chicago Trucking Co., Inc., has filed a registration statement with the SEC for $400,000 debentures, 5%, maturing serially from 1944 to 1952, inclusive

Address—2501 Blake Street, Denver, Col.

Business—Operation of motor truck transport lines

Underwriting—Brown, Schlessman, Owen & Co., Denver, Col., is the principal underwriter

Offering—The issuer, a new corporation, upon the exercise of its option, will take over and carry on the present business of a partnership as an interstate carrier of merchandise by motor vehicle. The new corporation will acquire from the partnership all accounts receivable, motor vehicle equipment, rolling stock, real estate, franchises, etc. In consideration thereof corporation will deliver to partnership 4,000 shares of its capital stock, $1 par value, $250,000 of its debenture 5s and is also to deliver to the underwriter, on the order of the partnership, $150,000 of the debentures of the par value of $1,000 each, for the sum of $150,000 plus accrued interest to date of delivery. Corporation in normal course also assumes liabilities of partnership. The underwriter will purchase the partnership and the debentures from the partnership and the corporation and offer them to the public at prices ranging from 103.28% for the March 1, 1944, maturity to 100 for maturities 1948 to 1952, inclusive, plus accrued interest

Proceeds—The net amount to be received by the corporation will be used as working capital. Net amount received by partnership will be partnership funds distributable among the partners or usable for such purposes as the partners may decide

Registration Statement No. 2-5044. Form A-1. (9-22-42)

Suspension data (including hearings) scheduled for Oct. 22, postponed to Nov. 3, 1942

ELLICOTT DRUG CO.

Ellicott Drug Co. filed a registration statement with the SEC for $350,000 6% debentures, due June 30, 1957.

Address—120 Cherry Street, Buffalo, New York

Business — Company is a cooperative wholesale drug company, selling to its members only, all of whom are retail druggists.

Proceeds — $250,000 of the debentures will be presently issued. Approximately $120,000 of this amount will be issued to replace the outstanding 6% preferred stock which is being eliminated. Approximately $48,000 additional will be issued to retire buying privilege deposits with the company The balance, approximately $78,500 after expenses, will become additional working capital

Offering—The new debentures will be priced at 100 and accrued interest

Registration Statement No. 2-5026. Form A-2. (7-7-42)

Amendment filed July 23, 1942 giving to members of the company only the privilege of exchanging the 6% cumulative preferred stock, par $50, for the debentures on a dollar for dollar basis and or exchange for deposits made by non stockholder members.

Registration effective 11:30 a. m. ESWT on Oct. 24 as of 5:30 p. m. ESWT on Sept. 14, 1942

GRAND FORKS HERALD, INCORPORATED

Grand Forks Herald, Incorporated, has filed a registration statement with the SEC for $170,000 4½% first mortgage serial maturity bonds, dated Sept. 1, 1942. Bonds will mature as follows: $12,000 on each Sept. 1 from Sept. 1, 1943 to and including Sept. 1, 1951; $62,000 on Sept 1, 1952

Address — 118 North Fourth Street, Grand Forks, N. D.

Business—Newspaper publication

Offering—Bonds are to be offered at prices ranging from 101.57 for the 1943 maturity to 100.50 for the 1952 maturity. The average offering price per unit is 102.1073 plus accrued interest

Underwriting—Kalman & Co., Inc., St Paul, is the sole underwriter

Proceeds—The net proceeds, together with other funds of the corporation, are to be used to retire as of Jan. 1, 1943, the corporation's 6½% 15-year sinking fund debenture bonds due Sept. 1, 1944

Registration Statement No. 2-5049. Form A-2. (10-12-42)

HOUSTON NATURAL GAS CORPORATION

Houston Natural Gas Corp. has filed a registration statement with SEC for 40,000 shares of preferred stock, 5% cumulative, par value $50 per share

Address—Petroleum Building, Houston, Texas

Business—Company produces, purchases and distributes natural gas in a large number of cities, towns and communities in Texas

Offering—The stock, after reclassification of securities, is to be offered at $50 per share. The holders of common stock (approximately 80,000 out of 158,289) who have not previously waived their preemptive rights to subscribe for the new issue of preferred will be afforded a 10-day period after the effective date of the registration statement within which to exercise such pre-emptive rights by subscribing for one share of preferred for each four shares of common stock held. If in the opinion of the company a sufficient number of shares is not subscribed for the company reserves the right to refund all payments and cancel the subscriptions, but if a sufficient number of shares of preferred is subscribed for by the public and by the holders of common, company will offer to exchange 11,000 shares of preferred, $50 par, for the 10,000 shares of preferred stock, 7% cumulative, par value $50 per share, callable at $55 per share, presently outstanding

Underwriting—The preferred stock is not being underwritten. Names of principal brokers soliciting subscriptions are Moroney, Beissner & Co., Houston, Texas, and Mackubin, Legg & Co., Baltimore. The first will receive fees and commissions for transactions occuring in the State of Texas and the second will receive fees and commissions as managers of the selling group offering the preferred stock outside of State of Texas

Proceeds—No specific allocation of the net proceeds has been made, but will be added to and become a part of the general funds of the company

Registration Statement No. 2-5050. Form A-2. (10-12-42)

An amendment filed Oct. 26 provides that the unexchanged preferred stock 7% cumulative, par $50 per share, will be called for redemption by the company. Any portion of the 11,000 shares of 5% preferred stock not exchanged will become a part of the public offering. Where a holder of 7% preferred stock exchanges same for 5% preferred, company will allow such holder a cash adjustment of the 2% difference from Oct. 1, 1942, to the expiration date of the offer

Interesting Situations

Ward & Company, 120 Broadway, New York City, have just issued memorandums on several situations which they consider particularly interesting at the present time: Elastic Stop Nut (No. 253), Botany Worsted Mills (No. 252), Peoples Light & Power (No. 254), and Wickwire-Spencer (No. 257). Copies of these memorandums may be had from Ward & Company upon request (ask for them by the indicated number), together with timely reports on various airline companies.

Myhr Opens In Minneapolis

(Special to The Financial Chronicle)

MINNEAPOLIS, MINN. — Roy O. Myhr has opened offices in the Northwestern Bank Building to engage in a general securities business. Mr. Myhr was formerly with John S. Bauman & Co. and M. H. Bishop & Co.

Interesting Possibilities

Brown Co. 5s, due 1959, offer interesting possibilities, according to a circular issued by Charles King & Co., 61 Broadway, New York City, from whom copies may be had upon request.

Says SEC Regulation Cost Public Billions

B. C. Forbes, Managing Director of the Investors Fairplay League, told the Bond Club of Philadelphia last week that the Securities and Exchange Commission, organized to protect investors, "had caused the ruination of millions, yes billions of dollars in investments in public utilities."

Mr. Forbes expressed optimism on the outlook for the stock market and predicted that the war in Europe will be over next year. The Philadelphia "Inquirer" gave the following account of his talk:

"How has regulation panned out in recent years?" he asked.

"The first regulation by governmental authorities in this country concerned the railroads. The country today is strewn with bankrupt railroads.

"I am quite proud SEC established headquarters here. You licked New York for the honor.

"What has SEC accomplished for investors?" Mr. Forbes continued. "Organized to protect investors, it hasn't done a thing except place one man in jail.

"Hasn't it done a wonderful job in causing the ruination of millions, yes billions of dollars invested in securities of public utilities?"

Mr. Forbes, although bullish on the stock market, indicated that he did not favor investments in gilt-edged bonds, adding that he was not speaking of Governments. The reason for his pessimism on gilt-edged bonds is that the low yield is insufficient to provide most people with income adequate to meet the rising cost of living.

He based his prediction on the ending of the war next year on the rising strength of the United Nations both in war power and production and a decline in the same lines in the Axis nations.

The "Inquirer" reports that among the guests at the speaker's table were: Evan Randolph, President, Philadelphia National Bank; Carl W. Fenninger, Vice-President, Provident Trust Co.; Archie D. Swift, President, Central-Penn National Bank and former President of Pennsylvania Bankers Association; David E. Williams, President, Corn Exchange National Bank & Trust Co.; Richard E. Hanson, Vice-President, Pennsylvania Co. for Insurances on Lives & Granting Annuities; Marshall S. Morgan, President, Fidelity-Philadelphia Trust Co., and John B. Thayer, Treasurer, University of Pennsylvania.

The guests included Joseph D. Goodman, of Reynolds & Co. and a member of N. Y. Stock Exchange.

Arthur S. Burgess, of Biddle, Whelen & Co., President of Bond Club, presided.

Result Of Treasury Bill Offering

The Treasury Department announced Oct. 26 that tenders for $500,000,000, or thereabout, of 91-day Treasury bills to be dated Oct. 28, and to mature Jan. 27, 1943, which were offered on Oct. 23, were opened on Oct. 26.

The details of this issue are as follows:

Total applied for, $893,167,000.

Total accepted, $504,529,000.

Range of accepted bids:

High, 99.918, equivalent rate of discount approximately 0.324%.

Low, 99.905, equivalent rate of discount approximately 0.376%.

Average, 99.906, equivalent rate of discount approximately 0.373%.

(47% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Oct. 28 in amount of $350,308,000.

Byrnes Directs WLB And Treasury To Control Salaries, Setting $25,000 Maximum

James F. Byrnes, Director of Economic Stabilization, issued on Oct. 27 regulations clarifying the Administrative responsibilities of the War Labor Board and the Treasury Department in controlling salaries and limiting individual salaries in 1943 to $25,000, after payment of Federal income taxes and other expenses. The official summary of the regulations issued by Mr. Byrnes, with President Roosevelt's approval, follows:

"These regulations deal principally with the Administrative responsibilities given the War Labor Board and Treasury Department in the regulation of salaries and with the limitation on salaries not to exceed $25,000 a year, after certain taxes.

"As to the $25,000 a year limit:

"This applies only to salaries because that is the extent of our power under the act. The control of income from other sources could be affected only by taxation which requires an act of Congress.

"1. The regulations forbid the payment to any employee of an amount of salary which, after deduction of the Federal income taxes on the whole salary, would exceed $25,000.

"2. Additional payments of salary may be made to take care of customary charitable contributions where the recipient of the salary has no other sources of income which can be utilized for this purpose without undue hardship.

"3. Additional payments of salary may also be made to take care of payments on life insurance policies and fixed obligations which were in force on Oct. 3, 1942, and past income taxes due. Such allowances, however, will be permitted only where the recipient of the salary has no other sources of income which can be utilized for these purposes and only where the recipient can show that he is unable to meet these payments without disposing of assets at a substantial loss, involving undue hardship.

"4. No allowance, of course, will be made for life insurance policies or fixed obligations entered into after Oct. 3, 1942.

"5. Where a person has more than one employer, all his salaries will be totaled to arrive at the $25,000 limit.

"6. If a company pays a salary in excess of these regulations, the entire salary paid, and not simply the amount in excess of the $25,000, will be disregarded for tax purposes.

"7. Violations may also be punished under the penal provisions of the second price-control act.

"8. For Administrative reasons, it would be impractical for this limitation on salaries at $25,000 after taxes to be put into effect before Jan. 1, 1943. However, in the meantime, increases in salaries at this level without the approval of the Treasury are forbidden along with other salary increases.

"9. This regulation applies to public salaries as well as private ones, except for salaries specifically fixed by Federal or State statute. The President is the only Federal employee with a statutory salary exceeding $25,000. The President was advised of this by the director. However, the President has written the Secretary of Treasury asking that future payments of his salary be made in compliance with the regulations.

"As to the Administrative responsibilities:

"These regulations bring under the War Labor Board:

"A. Wage payments and

"B. Salary payments not in excess of $5,000 where such an employee is represented by a duly recognized or certified labor organization or where the employee is not employed in a bonafide executive, administrative or professional capacity.

"All other salaries come under the jurisdiction of the Treasury Department.

"This division of responsibility was worked out by the War Labor Board and the Treasury Department."

Theodore Romaine To Be Brinton Partner

Theodore C. Romaine, member of the New York Stock Exchange, will be admitted to partnership in Brinton & Co., 1 Wall Street, New York City, members of the Exchange, on Nov. 1st. Mr. Romaine has recently been active as an individual floor broker. In the past he was a partner in E. H. H. Simmons & Co. for many years.

Oklahoma City-Ada-Atoka Railway

(Continued from page 1517)

full rate has been paid on the Atoka bonds in the years 1937, 1938 and 1940, 3¾% in 1939 and 1% in 1942. The average for the six year period has been about 3¾%.

In view of recent developments which promise a more or less permanent improvement in the earnings rate, it is thought the company should be able to pay the full 6% in the future.

INCOME ACCOUNT

(9 months ended Sept. 30 and years ended Dec. 31 [cents omitted])

	9 Mos., 1942	12 Mos., 1941	12 Mos., 1940	12 Mos., 1939
Gross revenue	$947,788	$355,470	$294,967	$404,055
Railway operating expense	407,542	242,647	234,191	264,907
Rents	107,687	56,595	50,925	48,005
Railway taxes	43,672	33,064	27,374	33,697
Net railway operating income	$388,886	$23,163	†$17,552	$57,446
Other income	21,295	22,120	19,157	29,732
Total income	$410,181	$45,283	$1,605	$87,178
Miscellaneous deductions	445	598	911	------
Balance	$409,735	$44,685	$694	$87,178
Bond interest	49,500	19,000	8,000	66,000
Federal tax reserve	146,190	*	*	*

*Included in railway tax accruals. †Deficit.

BALANCE SHEET

As of Sept. 30, 1942, disclosed a good current position. Current assets, $493,338.10; current liabilities, $382,780.68; net current assets, $110,557.42.

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‡In computing the net income available for payment of interest on the bonds, no deduction is to be made for income transferred to other companies or for interest, other than 2% fixed charge on the Shawnee bonds. From the available net income the directors are to set aside such a sum, not exceeding 50% of the net income, as was incurred on additions and betterments in the specific year ended Nov. 30, and such sum as was paid during that period for operating expenses, rentals, and taxes incurred in previous years and not included in the operating expenses for the year ended on such Nov. 30, and the balance is to be set aside to pay in equal semi-annual instalments on Jan. 1 and July 1 of the ensuing year interest on the stamped bonds, provided that no amount shall be set aside for payment or paid on any Shawnee bond on any semi-annual interest date, in addition to the fixed charge, in excess of 2% of its face amount and similarly with respect to any Atoka bonds in excess of 3%. The interest payable from net income is not to be cumulative, and the payment of less than the rates mentioned is to be in full satisfaction for the period made; and, in case there is no income available for any year, the deficiency is not to be made good out of a subsequent period.

New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following weekly firm changes:

The proposal that Radcliffe Swinnerton act as alternate on the floor of the Exchange for Richard H. Moeller will be considered today. Both are partners in R. Swinnerton & Co., New York City.

The proposed transfer of the Exchange membership of Theodore Weicker, Jr., partner in E. F. Hutton & Co., which will continue as a member firm, to Eugene L. Norton will be considered on Nov. 5th. Mr. Norton, it is understood, will act as an individual floor broker.

Harry W. Sack, partner in Strassburger & Co., San Francisco, died on Sept. 9th.

Mann To Be Roth Partner

Phillip Mann, for many years office manager for B. H. Roth & Co., 25 Broad St., New York City, members of the New York Stock Exchange, will be admitted to partnership in the firm on Nov. 5.

Municipal News And Notes

(Continued from page 1541)

year ago. Beer sales, on the other hand, gained 357,685 gallons to total 28,462,973 gallons in August.

September collections under the alcoholic beverage tax, based on the August sales by distributors, were down $960,675, due principally to the decline in liquor sales.

Consumption of cigarettes in the State, as measured by sales of tax stamps, remained stable in September, compared to last year. Receipts from the cigarette tax totalled $2,196,057.63 last month, a gain of $73,276.15 over receipts in September, 1941.

State Assumes $3,000,000 Of Local Tax Burden

Real estate taxpayers of New York State will save approximately $3,000,000 in local taxes next year as the result of an amendment enacted by the 1942 legislature and signed by Governor Lehman.

Under the new law, the State assumes the expense af armories, their equipment and maintenance, heretofore an obligation of the counties comprising upstate brigade districts and of New York City.

The net result is a real estate tax reduction in every county and in New York City, it is pointed out by Carroll E. Mealey, President of the State Tax Commission.

This year upstate counties paid $1,193.870.39 for armory purposes. New York City real estate taxpayers this year paid somewhat more than $1,000,000 for armory purposes.

For the coming year the armory costs assumed by the State will be slightly higher than the total paid by the localities in this final year of the tax as a local levy. It will cost the State about $1,250,000 to run the upstate armories and about $1,750.000 for those in New York City. The local tax load is correspondingly lightened.

Effect Of Gasoline Rationing On State Revenues

The full effect on State revenues of the curtailment on automobile usage resulting from the gasoline and rubber conservation program cannot be determined until data for the 1943 fiscal years are available, the Bureau of the Census says in its recent analysis of State automobile-user revenues in 1941. The automobile, the Bureau observes, not only has contributed to the economic well-being of the American public, but in addition it has afforded State governments their largest source of revenue in recent years.

The proportion of total revenues from gasoline taxes varied from a low of 8.2% in California to the high of 36.3% in Florida. The Southern States, it is noted, place the greatest reliance on this source of revenue, as is indicated in the fact that only two of the States—Nebraska and Idaho — which obtain 22% or more of their aggregate income from gasoline taxes are not located in the South.

In 1941, before the limitations of priorities and rationing partially vitiated the stimulating effect of national defense activity and improved economic conditions, motorists contributed—in the form of motor-fuel sales taxes and motor-vehicle license taxes—$1,210,000,000, or more than one-fifth of all State income. This excludes local shares of State-collected taxes. Some individual States depended even more heavily on this revenue source. For example, Florida received 48% of its total revenue from highway-user taxes, aided by a flourishing tourist trade as well as high tax rates.

In 1941, the upward trend evident for many years continued, with a 10% rise in collections from taxes on automobile use. A corresponding rise in revenue from other tax sources caused the ratio of collections from automobile-user taxes to total State revenues to remain about the same as in the immediately prior years.

Any attempt to predict the future of automobile taxes or their impact on State fiscal systems raises a welter of uncertainties growing out of artificial factors induced by the war economy. At present it appears likely that the decrease in income from taxes on automobile users will be offset—at least temporarily—by increased collections from other taxes which tend to parallel the trend of business activity.

During the war period, expenditures for highways, which are largely paid for out of automobile-user taxes, will be curtailed owing to the shortage of labor and of critical materials. However, the minimum construction and maintenance of transportation facilities necessary for war purposes will probably be large enough to make the decrease less than that in highway-user tax collections.

Motor-fuel sales taxes—commonly called "gasoline" taxes—alone form one of the most important sources of State revenue, aggregating $860,000,000 in 1941, or 16% of total State revenues, excluding local shares of shared taxes. Of all State taxes only the unemployment compensation pay roll tax was more productive.

Silver Lining In The War Tax Bill

Corporate income tax rates are boosted sharply by the bill which has finally been agreed upon by Congress. Normal tax remains unchanged at 24%; but surtax rises from 7% to 16%—making normal and surtax 40% instead of last year's 31%. Excess profits tax exemptions based on invested capital are reduced. The rate of excess profits tax rises from last year's scale of 35%-to-60% to a new flat rate of 90%.

Despite the sharp increase in rates, the tax bill is favorably regarded by many people, and the stock market has been able to work into new high ground for the year while the bill was being passed.

For one thing, the normal and surtax rate of 40% is much better than the 55% proposed by the Treasury or the 45% originally passed by the House. For another, an 80% over-all ceiling is placed on the amount of income taxes which any corporation must pay. A third helpful factor is a provision that 10% of the excess profits taxes paid will be refunded in the post-war period. This refund can even be obtained now if a company is paying off old debts.

Exemptions based on 1936-39 average earnings were retained and strengthened. In computing average earnings for 1936-39, one bad year (say, 1938) can be dropped and in its place there will be substituted 75% of the average of the other three years. Where the base period is inadequate to reflect a company's normal earning power, relief provisions have been made.

Consolidated returns are permitted for normal and surtax as well as excess profits tax. A company may buy in its sub-par bonds without paying a tax on the profit or declaring itself in unsound financial condition. Rails going through reorganization can keep old property valuations for determing depreciation and excess profits tax exemptions. Telephone, electric, gas and water utilities subject to rate regulation do not have to pay the surtax (16%) on earnings paid as dividends on preferred stocks.

Provisions of the law calling for renegotiation of war contracts were modified in more workable fashion, thus at least reducing an important threat to the earnings and financial structures of many companies activly contributing to the war effort.

Losses and unused excess profits tax exemptions in 1942 can be "carried back" to 1941, and be used retroactively to reduce tax liabilities. In 1943 and subsequently, this carry-back can be for two years instead of one. This feature could go a long way (together with the 10% post-war refund) to cushion the changeover to peace-time activity for many companies.

A normal-and-surtax rate of 40%, plus an excess profits tax rate of 90%, is heavy taxation. But after such taxes, many representative companies whose stocks are in the portfolio of Selected American Shares, Inc., will probably show good earnings and pay good dividends for the full year 1942.—*Selected American Shares, Inc., Chicago.*

City College Resumes War Economics Lectures

Seminar lectures on various phases of "War Economics" have been resumed at the City College School of Business and Civic Administration, 17 Lexington Avenue. The first subject of the current series, "Who Should Pay For the War," was discussed on Oct. 23 by members of the Department of Economics of the college. Other timely problems scheduled for discussion this semester are:

Nov. 6 — "German Economic Warfare vs. American Economic Warfare."

Nov. 20 — "Can Price Control Work?"

Dec. —"Should We Return to a Gold Standard?"

Dec. 18—"Shall Private Investment Be Encouraged in World Rehabilitation?"

Dr. Herbert Spero is Chairman of the Committee in charge of the forums.

Arthur H. Spero Dies

Arthur H. Spero, member of the New York Stock Exchange, and a partner in Spero & Klauber, 120 Broadway, New York City, died at his home at the age of 58. Mr. Spero had been in the brokerage business for the past 20 years.

Ernest Dorais Dead

Ernest D. Dorais, President of the Montana Stock and Bond Company of Butte, Mont., died suddenly at his home in Mont Butte. Mr. Dorais had been head of the Montana Stock and Bond Company since its inception in 1926.

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Proposes Special Bond Issue To Treasury

A 3% bond issue to attract funds now lying idle and act as a brake upon inflationary tendencies has been proposed to the Treasury Department by Edwin J. Schlesinger, investment counsel, 41 East 42nd St., New York City. Special features of the issue suggested are:

"A 3% issue with an announced total of twenty billion dollars, but not purchasable by savings banks, commercial banks, or life insurance companies. The issue to run for 12 years, and to be redeemable on a basis somewhat less favorable to the investor than the Series G Savings Bonds.

"A statement to accompany the announcement of the bond issue to the effect that after the total of twenty billion dollars has been reached, there will be a comparable issue but carrying a somewhat lower coupon."

The proposed bond issue should be well received by the investing public and absorb much of the money now held aside awaiting a more favorable rate of interest on Government bonds. In addition, this issue should attract much of the loose money now being spent and which is threatening the success of the fight against inflation. Furthermore, the bonds should result in creating real enthusiasm for the purchase of War Bonds.

Ins. Issues Look Good

The current situation in The Franklin Fire Insurance Company and the Hanover Fire Insurance Company offer attractive possibilities, according to bulletins just issued by Butler-Huff & Co. of California, 210 West Seventh St., Los Angeles, Cal. Copies of bulletins discussing the condition and outlook for these companies may be had upon request.

Butler-Huff & Co. is also distributing an attractive football schedule for 1942, published by The Home Insurance Company, giving the schedules of leading colleges and universities with 1941 scores.

Interesting Situations

American Silica Sand Co., Oklahoma City-Ada-Atoka Railway Co., and O'Gara Coal Company have interesting possibilities according to analyses prepared by Lilley & Co., Packard Building, Philadelphia, Pa., members of the Philadelphia Stock Exchange. Copies of these analyses may be had from Lilley & Co. upon request.

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Our Reporter On "Governments"

The commercial banks of the United States are going to buy around $24,000,000,000 of Government securities this fiscal year. . . . Carrying maturities ranging from three months to 10 years. . . . Named discount bills, notes, certificates and bonds. . . . Bearing rates ranging from ⅜ of 1% to 2%. . . . The market is going to be stabilized at exactly those limits. . . . All fluctuations will occur between those maximums and minimums if the Treasury and the Federal Reserve System can turn the trick. . . .

This is no guess-work. . . . This is official. . . . This is the information that came out of the war finance conference held Oct. 19 at New York by the Investment Bankers Association of America. . . . The conference was in the form of a round-table discussion attended by the heads of the various Victory Fund Committees, representatives of the war savings staff, of the Treasury, of the Reserve. . . . This, therefore, is "it," and here are your figures:

This fiscal year, which ends June 30, we're going to need $78,000,000,000 for war expenditures, $7,000,000,000 for non-war expenditures, or a total of $85,000,000,000 and an average weekly spending rate of $1,500,000,000. . . .

According to the authorities, only 25% of this amount is to come from taxes, leaving a deficit of $63,000,000,000. . . . Of this, about $3,000,000,000 will be raised by sales of special issues to special Government agencies. . . .Leaving a balance of $60,000,000,000 to be borrowed in the open market. . . .

Of this, about $12,000,000,000 is to be raised by sales of war bonds. . . . Even if the campaign is stepped up terrifically, it is to be doubted whether more than this amount can be sold in this one year. . . .

That leaves $48,000,000,000 to be borrowed in the investment market—which is the market you are vitally interested in. . . .

(Incidentally, these are the highest borrowing estimates issued so far. Not to date have we heard anything as severe as this.)

Of the $48,000,000,000, about half must come from non-banking institutions—corporations, trust funds, insurance companies, savings institutions, etc., etc. . . . That's where the big job of the Victory Fund Committees will lie. That's where your pressure will come from. . . .

That leaves $24,000,000,000 to be obtained from commercial banks. . . .

Just re-read those figures, save them, take them out again and again. . . . And you'll understand why this program faces us. . . .

To be specific:

THE "INTENSIFICATION"

The days of "easy" selling—of just letting the big city banks do all the subscribing and take down issues are over. . . . If the recent $4,000,000,000 issue taught us anything, it taught us that getting out and selling 'em must be done now. . . . The "cream has been skimmed off and we must go to work and make butter" were the words of Allan Sproul, President of the New York Federal Reserve Bank. . . . They make sense. . . .

So look for an intensified sales campaign, to be carried on by the Victory Fund Committees. . . . Expect pressure to get you completely invested. . . . And have a good answer ready if you're not when the salesmen come to call, for they'll have power that if not expressed, will be implied. . . . (Public relations comes in here too). . . .

The Committees now are planning an all-out campaign to put over the Series F and G bonds—just as there has been and is a drive to put over the Series E's. . . . You can buy the F's and G's. . . . They're wonderful bonds, carry interest far above that obtainable in the open market and you should buy them. . . .

It's odd that a campaign should be necessary to sell these. . . . Their value—in comparison with outstanding issues and new securities available—is so obvious. . . .

The Committees are planning to keep interest up with a continuous promotion effort on war bonds and periodic "blitz drives" to sell new issues in the investment market. . . .

There will be heavier quotas for war bonds in every State. . . . Payroll allotment plans will be put into effect in every corporation employing four or more people. . . .

The Treasury has a full house of securities out, it and informed sources in the financial district believe. . . . There is a bond or note or bill or tax-anticipate certificate, etc., for every portfolio. . . . The aim of the drive is to get these into the investment portfolios of every institution and individual in the United States. . . .

And don't kid ourselves. . . . This aim is going to be fulfilled, no matter how you may feel about it. . . .

If you don't think you're going to like the new bonds or new offerings, get fully invested in shorts and roll over your maturities. . . .

Or fill up with securities you pick from the outstanding lists. . . .

But get invested. . . . Or you'll be told to. . . .

INSIDE THE MARKET

New twist in the excess reserves situation is increasing tendency on part of interior banks to draw down their balances with their New York correspondents at payment dates for new issues. . . . Move expected to continue, will cause new drain on excess funds of big city institutions. . . .

This week's issue of certificates was routine, amounted to $2,000,000,000, or more than refunded issue, as forecast here weeks ago. . . .

Banks are buying, will continue to buy these certificates, for they're attractive, safe, carry good rates of interest in comparison wtih bills and longer securities. . . .

Country banks added to their holdings; New York banks increased percentage holdings, too. . . .

Feeling is Treasury will have $10,000,000,000 of certificates outstanding by end of fiscal year instead of the $6,000,000,000 now outstanding. . . . These, then, will be rotated on maturity dates. . . .

Split in discount rate and new policy of Reserve Banks of having ½% rate for advances to member banks on security of Governments maturing or callable in a year or less, will spread and help banks buying such issues as certificates. . . .

Policy makes sense, as of this writing, has been adopted by Dallas, Chicago, Philadelphia and Atlanta Reserve Banks. . . .

New York may go on list this week. . . . Split rate permits banks which otherwise might hesitate to buy short-terms, borrow on near-maturities to buy more securities. . . .

Government market quiet, steady, catching breath. . . . Still much talk about latest Government issue but that's water over the dam now. . . . One thing: you know what kind of bonds you're going to get now so your confusion is over. . . .

PROPORTION OF GOVERNMENTS

An inquiry from an Ohio bank involves the problem of the proportion of bank resources being put and to be placed in Governments. . . . Answer to that lies in the first part of this column—the figures on spending alone give us the story. . . .

As for banks in New York and other big cities, they're placing between one-third to one-half their resources in Governments and the percentage will go up and up. . . . That's definite. . . . Banks outside these big districts aren't doing so well but they'll have to increase their percentage holdings, either because of pressure, of voluntary action or because they have little else to buy. . . . Answer, stated simply, is: place your money in Governments and get fully invested. . . .

DEALER BRIEFS

Chicago, Ill.

We have favored for three years the purchase of medium-priced interest-paying railroad bonds. We believe that the future still holds much in the way of investment possibilities in bonds that have never defaulted and are currently paying 8 to 12% interest with additional bonds being retired by sinking funds.

We believe that the railroads have proven that they are as necessary to the life of the nation as the Army, Navy or the required military training for all citizens.—*John A. Dawson*

I think it is becoming more and more evident that the long period of liquidation in the stock market culminated in April of this year, and that the basic *trend* is again upward. If this is true it should afford an excellent opportunity for those in our business to help our customers lay the foundation for an increase in their assets through the purchase of sound equities. Yields on good common stocks are relatively high, and the recent tax bill which leaves the normal and surtax rate at 40% should assure the continuation of a fairly liberal dividend in the case of the better situated companies. As confidence returns to the market we anticipate a general increase in equity financing. — *Reuben Thorson, Paine, Webber, Jackson & Curtis*

Denver, Colo.

A scarcity of Municipal issues, both primary and secondary, characterizes the Denver market. A good demand exists, especially for Colorados, the buying, however, being confined largely to institutional accounts.—*Aaron W. Pleasants, The International Trust Company*

New York City

The upswing in the market proved again what we had almost come to believe was a lost hope—that there is money around for investment that needs some incentive to come out of hiding. As is customary in the initial stages, the attention was focused on listed securities but after the usual time lag the overflow appeared in the Over-the-Counter market. — *Meyer Willett, Bristol & Willett*

San Francisco, Cal.

The changed treatment of capital gains in the new tax bill should make for increased security activity, for the Revenue Act of 1942 is changed fundamentally in the treatment of capital *gains and losses.* After six months an investment assumes the position of a "long term" holding. As "short term" losses may be applied against "short term" gains and likewise "long term" losses against "long term" gains, considerable market activity may be stimulated before the year end. An investor with a profit which he would like to realize on, but has hesitated to do for tax reasons, who likewise has a loss which he does not wish to take, can now, under the "first in, first out" provision, purchase additional of the "loss" stock, hold the same, but, after thirty days, sell his original "loss" security and offset this loss against the gain taken on his "profit" holding.

This change in the Revenue Act should not only prove a great stimulant to the investment industry but an important aid to a more effective National economy and a preservative to our great system of free American enterprise.—*Sidney L. Schwartz, Pres. San Francisco Stock Exchange & Partner in Sutro & Co.*

Baltimore, Md.

Under present unsettled world conditions, we are recommending to the individual investor that he diversify his types of risks among war savings bonds, municipal and corporate securities, and well-chosen equities. We are optimistic about the future of equities and feel that the investor, having the knowledge and patience to make sound selections and the courage to carry through, will reap satisfactory rewards. Business is good—but it is only good in proportion to the time and effort put on it.—*Elisha Riggs Jones, E. R. Jones & Co.*

Los Angeles, Cal.

Border Line and Receivership Railroad Bonds and medium to lower grade Industrial Preferreds have had our attention for several years. More recently we have been buying leverage trusts such as Tri-Continental and Selected Industries for hedging purposes.

We will win the war and the victory will or should be followed by a great expansion of business resulting in the disappearance of bargains in the security markets.—*R. N. Gregory, R. N. Gregory & Co.*

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DENVER, COLO. — Peters, Writer & Christensen, Inc., U. S. National Bank Building, announce the association with their firm of Lawrence A. Greenlee, previously of Vasconcells, Hick & Co., and William R. Owen, formerly President of O'Donnell, Owen & Co. Both have been in the investment business in Denver a great many years, and will represent Peters, Writer & Christensen, Inc., in Denver.

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THURSDAY

In 2 Sections – Section 2

The COMMERCIAL and FINANCIAL CHRONICLE

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Willkie Calls For New Fronts In Europe And Asia Urges Greater Aid To Allies & Defining War Aims

Wendell L. Willkie reiterated on Oct. 26 his demand for the establishment of a second fighting front in Europe and expressed the hope that the forces in India would shortly be put to aggressive use in an all-out attack on Burma, thereby relieving the pressure of the enemy on China and Russia.

In a radio address to the American people, outlining the major conclusions he reached on his recent trip around the world, Mr. Willkie said that the country's greatest asset is its reservoir of goodwill but warned that its very existence is threatened by failure to carry out promises concerning the flow of war materials and by failure to define clearly our war aims.

He said:

"Besides giving our allies in Asia and Eastern Europe something to fight with, we have got to give them assurance of what we are fighting for. The 200,000,000 people of Russia and the 450,000,000 people of China—people like you and me—are bewildered and anxious. They know what they are fighting for. They are not so sure of us. Many of them have read the Atlantic Charter. Rightly or wrongly, they are not satisfied. They ask: What about a Pacific charter? What about a world charter?"

He further stated that many people he spoke with expressed doubt as to the Atlantic Charter's purpose, questioning whether there is to be no charter of freedom for the people of the East.

In referring to holes "we are blindly punching in our reservoir of goodwill which can be easily repaired," Mr. Willkie said "one of them is the half-ignorant, half-patronizing way in which we have grown accustomed to treating many of the peoples in Eastern Europe and Asia.

"The rulers of our allies and our potential allies are proud and intelligent men. The Shah of Iran, the Prime Minister of Irak, the Prime Minister or the Foreign Minister of Turkey, the Generalissimo of China—to mention just a few—are men who understand the world and who have important ideas about the future. They are in substantial agreement, for example, as to the necessity of abolishing imperialism, of liberating the peoples of the world, of making freedom a reality, instead of just a nice word. They feel unanimously, I think, that the United States can, and must, make an

(Continued on page 1548)

FROM WASHINGTON AHEAD OF THE NEWS

By CARLISLE BARGERON

It is pretty difficult for a fellow around Washington these days to know just what attitude to take in discussions about the war, the Government, etc.—whether he should be the so-called constructive critic or the pollyanna optimist. I was very much impressed sometime ago by a propaganda movie purporting to show how years ago, Hitler began training men and women to infiltrate into other populations to stir up panic, distrust and doubt, in general to undermine the morale of other people. In one particular episode, while France was at war, a woman stooge began screaming in a crowded bus that the French boys off at the front didn't have a chance in the world. Her poor boy had been killed, she screamed, all she had in the world. She demoralized her auditors.

Then there was a scene in this country. A man tried to pull the same thing in a New York bus. He turned confidingly to a woman sitting next to him and remarked that our boys were at a terrible disadvantage in fighting the Japs. She turned sharply on him, rammed a newspaper down his throat and shouted: "Don't be pulling that stuff here. Our boys will take care of themselves."

Well, I made up my mind that I wasn't going to be an unwitting party to anything like this. Whenever I had anything to say it would be that everything was going along fine. Only a few days later I was with a group of army and navy officers and newspapermen. They were criticizing this, they were complaining about that. When I had to say something I said I thought they were all too pessimistic; everything was going along all right. They turned on me en masse, said the trouble with me was that I was too damned complacent. So what's a fellow to do. If you insist you don't want to discuss the war you're a suspect; if you do discuss it you're bound to get into hot water.

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Investment Bankers Association War Finance Conference Edition

Section 1 of today's issue of the "Chronicle" is largely devoted to the Investment Bankers Association War Finance Conference which was recently held in New York City. This was the 31st annual meeting of the Association and, in keeping with the times, both war and post-war problems of paramount importance to finance and industry and the nation's welfare were discussed. Text of these addresses and committee reports appear in Section 1 and can be readily found by referring to the appropriate index which appears on the cover page of that section.

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THE FINANCIAL SITUATION

The more the Federal tax law just taken to the statute books is studied the more disquieting it becomes to thoughtful students. It is true, apparently, that in a technical sense the measure is an improvement over some that have gone before, although the very complexity of its provisions leaves a good deal for the future to disclose about its practical working. At any rate certain very troublesome features of former acts have been eliminated or revised in a way which is regarded by tax authorities as helpful. The really serious defects of the law, however, are found not in technicalities but in the basic nature of its provisions.

"Progressive"

The rates, generally speaking, are "progressive" in the nth degree, to state the case mildly, and the New Deal managers who are responsible for its broad terms glory in their "progressiveness." It is true that the so-called Victory tax is levied at a flat rate over and above a small exempted amount of income. It is true, also, that exemptions applying to the regular income levies have been further lowered, although one result of this action is to add to the burdens of groups already grossly over-taxed as compared with the lower bracket income receivers. When, however, all such changes are taken fully into account, the fact remains that the taxes levied rise so rapidly with increasing income that the burden upon many groups is little short of confiscatory.

This basic element in the present law is disheartening enough of itself, particularly when it is recalled that it patently represents not merely the tax philosophy of the day as applied to war financing but the settled policy not only of the Administration but apparently of much the larger number of the rank and file. By whatever name it may be called or described this measure is the embodiment of the "soak-the-rich" doctrine of the day. But unless all signs fail this is not by far the end of the matter. The Treasury some time ago let it be known that it intended to come promptly to Congress for an additional tax measure as soon as this one was "out of the way." It may be safely taken for granted that a very few weeks will elapse after the

(Continued on page 1546)

Such Stuff as Dreams Are Made Of

We have an enormous private business machine already functioning. It would be the height of folly to tear it up by the roots. Even in the war, while most producers no longer have to think much about pushing their sales, and many important decisions have left their hands, their organizations are still in being and most of them will be so after the war.

We should use them. Employ the profit motive as widely as possible. Encourage business men to do all they can, and to take responsibility wherever they can. The critical point is to have in the Federal Government a conning tower control charged with the duty of plugging any gaps in the front of full employment.

If private business men do not want to undertake mass housing except with Government financing, then arrange the financing. If doctors are unable to take care of all sick people on the orthodox fee basis, then make it possible to help doctors take care of all sick people. If private business cannot absorb all the unemployed—and it probably cannot—keep the great public works programs going side by side with private business.—Stuart Chase.

And who will pay the bill?

Why, private business, of course.

And will paying these extra taxes enable it to employ more men?

OPA Blocks Higher Gas Rates in Washington

Representatives of the Office of Price Administration on Oct. 19 took the first legal step on behalf of Economic Stabilization Director James F. Byrnes to block the higher gas rates authorized recently by the Public Utilities Commission of the District of Columbia, acting immediately after the PUC had received a letter from Price Administrator Leon Henderson which characterized its grant of the rate increase as a violation of the law. The OPA states that in the first such action taken under the recent legislative extension of price control, David Ginsburg, OPA General Counsel, and Harry R. Booth, Utilities Counsel in OPA's Legal Division, filed with the PUC a petition asking the PUC to vacate its order of Oct. 13 which granted the increase.

Price Administrator Henderson, citing the Oct. 2, 1942, amendment to the Emergency Price Control Act, which calls for 30-day notice when it is proposed to increase rates after Sept. 15, 1942, and noting that the PUC's order of Oct. 13, 1942, made the gas rate increase retroactive to Sept. 1, wrote PUC Chairman James H. Flanagan:

"It is my judgment that the action of the Commission in issuing an order without prior notice by the company to the Director of Economic Stabilization authorizing the company to charge rates higher than those in effect Sept. 15, is violative both of the letter and the spirit of the Act of Oct. 2. To deny the Director of Economic Stabilization an opportunity to intervene prior to the entry of an order is effectively to destroy his ability to demonstrate why a proposed increase in utility rates may conflict with the program of the national Government to prevent further increases in the cost of living. My legal staff has been directed to take appropriate measures to have this order rescinded."

Mr. Henderson, designated by Director Byrnes to act for him under the public utility provision of the Act of Oct. 2, emphasized in his letter that he had been authorized to state that Director Byrnes joined with him in OPA's request to the PUC to reopen the gas rate matter.

The petition filed by the OPA cited the section of the Act referred to by Mr. Henderson and then set forth the case for revocation of the rate increase grant.

Add'l Freight Cars And Locomotives In Service

Class I railroads put 56,081 new freight cars in service in the first nine months of 1942, the Association of American Railroads announced on Oct. 23. Of the total number installed there were 33,617 box, 19,150 coal, 1,634 flat, 608 refrigerator, 100 stock, and 972 miscellaneous freight cars.

New freight cars on order on Oct. 1, 1942, totaled 10,927 box, 21,496 coal, 2,347 flat, 800 refrigerator, 200 stock, and 667 miscellaneous freight cars, or a total of 36,437, compared with 88,819 on Oct. 1, 1941.

Class I railroads in the first nine months of 1942 installed 575 locomotives of which 232 were steam and 343 were electric and Diesel. In the same period last year they put 425 new locomotives in service of which 97 were steam and 328 were electric and Diesel.

New locomotives on order on Oct. 1, 1942, totaled 840 which included 314 steam and 526 electric and Diesel. On Oct. 1, last year, they had 671 new locomotives on order including 309 steam and 362 new electric and Diesel.

THE FINANCIAL SITUATION

(Continued From First Page)

elections next week before another tax bill will be "in the works." Precisely what the Treasury will have to suggest next the future must disclose, but it would be surprising indeed if its demands are not cut from the same cloth.

The "Spending Tax"

It will be recalled that during the passage of the present measure through the halls of Congress the Treasury came forward with an ingenious "spending tax" proposal, whose chief putative virtue lay in the fact that collections under it would be steeply "progressive." That is to say the levy to be imposed upon expenditures would rise rapidly with the volume of those expenditures. The suggestion seemed to be born of a desire to pervert the sales tax into a scheme for soaking the rich once more. Thus the New Deal planners would kill two birds with one stone—kill off the sales tax and at the same time provide a substitute measure whose onus would fall precisely where the onus of all the other measures have fallen, upon the higher income groups. It would be surprising indeed if the Treasury does not again shortly trot this scheme out, and use all the influence it possesses to have it enacted into law before the turn of the year.

It is more than difficult to understand how even the Treasury officials can suppose that such taxation as we now have and as it is fully expected to suggest in the early future can claim substantial merit as modes of raising war revenue. It is all but universally conceded—everywhere but in the Treasury, and in some instances even there—that there is relatively little further revenue to be obtained from those groups which the New Deal is fond of describing as having "ability to pay." That sponge has been squeezed very nearly dry. No one can reasonably suppose that by any device very substantial further sums can be obtained from this source to meet the enormous war needs. This excessive taxation of these same groups scarcely touches the so-called inflation problem, since the additional purchasing power now bearing down upon markets soon presumably to be in substantial part denuded of goods emanates from other quarters, the lower income groups which have had their accustomed incomes enormously enlarged during the past year or two. The tax ideas of the Treasury simply do not fit even his own expressed conception of the needs of the day.

Long Term Implications

But these tax philosophies embodied in current laws and proposals are far more disquieting in their long term implications. If the defects of the measures could be regarded as purely war-born and fairly certain to be eliminated when the emergency is behind us, one could view them with relative equanimity. War is always costly, always is disruptive of sound finance. American business has always shown great recuperative powers, and doubtless would be able within a reasonable time to repair the damage done not only by war but by the blunders accompanying it. The trouble is that we have every reason to fear that such things have come to stay—at least for a good while to come, as long, in any event, as the now popular political leaders remain in power. We know that tax laws now being enacted and proposed for the future are not new in kind, but merely represent a further development of ideas which have been preached and practiced for years past. Evidence that this further development of them is regarded in official circles as purely a war policy to be abandoned when peace returns is almost wholly absent.

Now such tax sins as these, if continued, would make it utterly impossible for industry to acquire the vigor in the post-war years to repair the losses sustained during the war and to begin once more the march of progress which has characterized it throughout our history. They mean more than that. They would inevitably bring as an indirect if not a direct result a further marked impetus toward injection of government into business. They thus lead directly toward ultimate state socialism. Such measures seriously, almost fatally, cripple business, and crippled business leads to further demand that government undertake to do what business is not accomplishing.

Profit Essential

It is all very well for the patriots to declaim about the duty in war-time to forget profits and produce for the sake of country, etc.,etc. It is not likely to work nearly as well as they seem to think even in times of emergency such as the present. It will not work at all when the emergency is over, and we settle down to peace again. Profit is the life-blood of private capitalism. Nothing will serve in its stead. If the government insists permanently—as it gives every indication of intending to do—upon taking the lion's share of any profit that may be earned, then it need not expect business to flourish. The main incentive will have been taken away. Not only that, but the source of capital funds for further expansion and improvement will have been dried up. It is probably idle in any event to expect important capital accumulation during the war, but we must have it after the war, and the pampered wage earner and farmer will not supply it. Let us not deceive ourselves on that score.

Nor will all the post-war planning now going on in Governmental circles serve to save the day. On the contrary it appears to be definitely heading toward making a bad situation worse. The time has come for us all to think more of what is being done and, if necessary, less of what we shall do at some later date.

Industrialists And Educators At Joint Conference Discuss Mutual Problems Arising From War

The mutual problems of industrialists and educators arising from the war and demanding solution in the post-war period were discussed on Oct. 15 in a joint conference of prominent manufacturers and educational leaders from New York, New Jersey and Connecticut. The meeting, tenth of a series held under the joint auspices of the National Association of Manufacturers and the Commission for the Defense of Democracy Through Education of the National Education Association, was held in the Hotel Biltmore, New York City.

H. W. Prentis, Jr., Chairman of the Committee on Educational Cooperation of the N. A. M., and one of the two principal speakers at the luncheon, said the conference represented "one group that carries the prime responsibility for the education and preparation of the rising generation to live intelligently and make the most of our American form of popular self-government.

"The other group," said Mr. Prentis, who is President of the Armstrong Cork Co. and a past President of the N. A. M., "is burdened with the equally significant responsibility of creating an economy in which all our citizens will have the greatest possible opportunity for self-development and the highest standard of living that our resources and productive ability will permit."

Dr. Alonzo A. Myers, Chairman of the Department of Higher Education at New York University and Chairman of the Commission for the Defense of Democracy, spoke for the educators.

Pointing out that many school teachers find defense workers earning more in one week than a teacher can in a month, Dr. Myers estimated that this year there is a shortage of between 50,000 and 100,000 teachers in the United States. Rural and secondary schools in the fields of physical education, mathematics, science, vocational education and agriculture are suffering the most because of the lack of teachers, he said.

As a result of the neglect paid to education during the last World War, Dr. Myers said, the public paid a high price and the best teachers were permanently lost to the schools. "We do not believe," said Dr. Myers, "the public would have permitted the schools to have been wrecked during the last war if we had been sufficiently alert in presenting the facts to the public. We do not intend to neglect that responsibility this time."

Dr. Willard E. Givens, Washington, D. C., Executive Secretary of the National Education Association, presided at the luncheon, and Mr. Prentis was chairman of the joint assembly following the conference sessions.

The meeting was sponsored by the Associated Industries of New York State, the Brooklyn Chamber of Commerce, The Industrial Management Council of Rochester, N. Y., the Joint Committee of Teachers Organizations of New York City and the Manufacturers Association of Connecticut; and, in addition, the Manufacturers Association of Hartford County, Conn., the Manufacturers Association of Meriden, Conn., the Manufacturers Association of Syracuse, the Manufacturers Section of the Camden (N. J.) Chamber of Commerce, the New Jersey Education Association and the New York State Education Association.

American Standards For 1942 Published

The American Standards Association announced on Oct. 16 the publication of its newest List of American Standards for 1942. More than 550 American Standards are listed, of which 71 represent new and revised standards approved since the last (February, 1942) issue of the list.

There is a separate heading for American War Standards—standards developed specifically for the war effort. Another section is devoted to American Safety Standards, which are also of importance to the war effort in connection with the President's program for the conservation of manpower.

Other standards include definitions of technical terms, specifications for metals and other materials, methods of test for the finished product, dimensions, etc. They reach into every important engineering field and serve as a basis for many municipal, State and Federal regulations. This particular List of Standards will serve as a useful reference piece to the engineering and purchasing departments of many manufacturing firms.

It is pointed out that standards have assumed a vital role today in connection wtih the war effort. It is likewise noted:

"Every Government order is based on specifications and standards are further used in industry in simplifying the production problem, conserving materials, pegging quality to price control, in inspection, and in contracting and subcontracting. A large part of ASA's work is now on wartime jobs requested by Army, Navy, WPB, OPA and industry. In fact, the ASA is under contract with the Federal Government to carry on an increasing amount of such work.

"In each case, the standards approved by the ASA represent general agreement on the part of maker, seller and user groups as to the best current industrial practice. More than 600 organizations are taking part in this work."

This List of American Standards for 1942 will be sent free to anyone writing for it. Requests should be addressed to the American Standards Association, 29 West 39th Street, New York, N. Y.

The State Of Trade

Business activity continues its upward trend, with most quarters showing substantial advances over last year. Merchants are looking forward this year to the biggest Yuletide business in the nation's history. This is the general opinion among leaders in the retail trade today—just two months before Christmas. Buying of holiday gifts is starting earlier than usual, but is not likely to gain real momentum until about the middle of November, observers state.

The latest report on carloadings showed a total of 900,767 cars of revenue freight were loaded during the week ended Oct. 15. This was a decrease of 9,190 cars, or 1%, compared with the preceding week; a decrease of 22,117 cars, or 2.4%, compared with a year ago, and an increase of 86,858 cars, or 10.7%, compared with 1940, according to the Association of American Railroads report.

The record of the railroads in the war indicated that if other divisions of war industry had been managed with as great skill and foresight as the carriers, the nation's state of preparedness would be more advanced than it is, according to "Guaranty Survey" issued by Guaranty Trust Co.

The survey notes favorable contrasts of the record in this war with the first world war period in transportation. It points also to the increased efficiency and preparation for the handling of the current big traffic, freight and passenger, and holds that the rise in earnings of the railroads actually is more moderate than might be expected from the rise in volume.

Electricity distributed last week by the electric light and power industry of the country rose 12.2% to 3,717,360,000 kilowatt-hours, against 3,313,596,000 in the comparable 1941 week, according to the Edison Electric Institute.

The increase over the preceding week ended Oct. 10 was more modest, with an advance of 15,000,000 kilowatt-hours over 3,702,299,000 kilowatt-hours in the Oct. 10 period. Pacific Coast led in gains over last year by posting a 28.1% advance.

The Federal Power Commission reports that average daily production of electric energy for public use in September reached a record high of 568,675,000 kilowatt-hours, or 1.5% over the figure for August.

The steel industry is scheduled to operate this week at the highest level in history with production at an estimated 101.1% of theoretical capacity for an output of 1,729,500 tons, the American Iron & Steel Institute reports.

Last week's operation of 101% produced an estimated tonnage of 1,727,800 tons. A month ago the mills averaged 97.3% and output was 1,664,500 tons.

A year ago the industry reached 99.9%, the 1941 peak, for an outturn of 1,650,500 tons.

Steel trade sources said the latest indicated rise in production was partly a further reflection of better scrap supplies resulting from the nation-wide salvage drive.

Department store sales on a country-wide basis were up 16% for the week ended Oct. 17, compared with the same week a year ago, it was shown in the weekly statistics made public by the Federal Reserve system. Store sales were up 11% for the four-week period ended Oct. 17, compared with last year.

Department store sales in New York City in the week ended Oct. 17 were 6% larger than in the like week last year, and in the four weeks ended Oct. 17 were 2% better than a year ago, the New York Federal Reserve Bank reported.

A further uptrend in retail sales was checked last week by unfavorable weather. Weather conditions ranging from snow in the Northwest and floods in Virginia to mild, rainy days in other sections, were generally unfavorable to trade, but the pressure of high payrolls in war plant centers often more than balanced the adverse elements, Dun & Bradstreet, Inc., stated.

There are several reasons for the retailers' optimistic views concerning a big Christmas trade, and among them are:

(1) Gift buying for men in the armed services. Predictions place the total value of such gifts at $45,000,000.

(2) The increase in employment, giving thousands of families the biggest incomes ever enjoyed. Wages have gone up more than $1,000,000,000 each month in 1942, with such disbursements for the year approximating $75,000,000,000.

(3) The realization that stores will not be able again to offer so wide an assortment of stocks as is on hand today. Production of merchandise for civilian use is decreasing, estimates placing the value of goods and services likely to be available in 1943 at around $70,000,000,000, as compared with $78,000,000,000 this year.

These factors alone appear sufficient to indicate a record-breaking Christmas season, barring, of course, the emergence of some development not now foreseen. Moreover, there is strong evidence that good buying already is under way. All that is needed to stimulates sales still more sharply is colder weather.

The Department of Commerce has prepared some figures on what it believes the first half of 1943 will bring, as compared with 1942. It looks for a decrease on a country-wide basis of 33% in men's and boys' clothing business over this period. It sees a decline of 26% in department store sales, and forecasts percentage decreases for a number of leading kinds of businesses.

On a nation-wide basis for all kinds of retailing, the Department of Commerce foresees a 12% decline in retail business in the first half of next year. It does, however, see gains in some kinds of businesses, mainly eating and drinking places, grocery and combination stores and in hay, grain, feed and farm supplies.

Increased Participation In Bond Payroll Plans

The War Savings Staff of the Treasury Department announced on Oct. 20 that 800,000 additional workers in September pledged part of their earnings for the purchase of War Savings Bonds through payroll savings plans. This brings the total number of participants in savings plans up to 19,300,000 people employed in private organizations and government agencies. The Treasury's announcement says:

"Payroll savings plans have now been introduced in 144,561 private firms which employ a total of 23,200,000 people, and nearly 75% of these workers are already participating.

"During September participants in payroll savings plans set aside for war bond purchases $260,000,000, or 7.6% of their total earnings. This compares with total payroll deductions of $230,000,000 in August, representing 7.1% of earnings. Month after month the total of deductions and the percentage of earnings represented has been increasing, and the average is steadily approaching the 10% goal."

The Treasury's aim is to have the approximately 34,000,000 regular wage earners of the country to invest 10% of their pay in war bonds.

Congress Lowers Draft Age To 18; Conferees To Study Clause Restricting Training To Year

The legislation lowering the draft age from 20 to 18 is not likely to receive final approval until after the Nov. 3 elections in view of the fact that many members of Congress are home campaigning.

The bill, which passed the Senate on Oct. 24 by a 58 to 5 vote, differs materially from the House-approved measure, approved Oct. 17 by a 345 to 16 count.

A controversial feature of the Senate measure is the amendment stipulating that no draftee under 20 "shall be placed in actual combat duty beyond the territorial boundaries of the United States until after he has had at least one year's military training following his induction." This restriction was accepted by the Senate by a 39 to 31 vote despite opposition by President Roosevelt and Gen. George C. Marshall, Chief of Staff. Since the House bill did not contain any such requirement, it appears likely that the conferees on the legislation will either eliminate or drastically modify this section.

Another point of difference between the two versions is the farm amendment, which was approved by the Senate by 62 to 6, authorizing local draft boards to defer farm workers from military service until they can be replaced satisfactorily.

Also at variance are the educational provisions of the two bills. The Senate would permit high school students to complete their academic year provided they are in the last half of the year when the induction call comes and they request deferment. The House bill allows high school and college students to finish the present school year but forbids educational deferments after next July.

With respect to the Senate's 12-month training period for 18- and 19-year-old draftees, President Roosevelt made a direct appeal on Oct. 23 that no limitations be placed on the War Department.

His appeal, in the form of a letter to Senator Gurney (Rep., S. D.), author of the bill, read as follows:

"Concerning the proposed legislation to lower the Selective Service age now before the Senate, I have been told that several limitations will be proposed in the form of amendments.

"It appears to me that the complicated administration necessarily involved in the handling of large numbers of men by the Army, as well as the urgent necessity for correcting the present deficiencies as to age, make it important that limitations other than those now included in the bill be avoided."

Earlier the same day (Oct. 24) General Marshall sent a similar letter to the Senate emphasizing the importance of giving the Army legislation without "crippling limitations." His letter said in part:

"Trust our judgment and our own insistence that we fight only with properly trained units, to see that each soldier has adequate training before he enters combat, I am certain members of Congress do not wish to hamstring the War Department in the execution of the tremendous task we have before us. These proposals, I am sure, arise through a lack of understanding of the problem presented. Our enemies are desperate and implacable. Our task is extremely difficult."

The proposed amendment to the bill to prohibit the sale of all alcoholic beverages on military reservations and adjacent communities was effectively killed by the Senate on Oct. 22 when, by a vote of 49 to 25, the Senate sent it to its Military Affairs Committee for further study. The amendment, sponsored by Senator Lee (Dem., Okla.), had been opposed by Secretary of War Stimson and Secretary of the Navy Knox. Secretary Stimson said any attempt to control the liquor problem through legislation applied exclusively to military personnel would lead to "bootleg operations and would seriously undermine morale." Secretary Knox expressed the belief that the "best interest of the Navy will not be served by the adoption of the amendment."

It is estimated that there are 2,500,000 youth of 18 and 19, who registered last June, made available for building up the Army to a planned strength of 7,500,000 in 1943. Under present plans their induction will begin in December and serve to delay the drafting of many married men due to the insufficient number of single men.

The lowering of the draft age from 20 to 18 was requested by President Roosevelt in his Columbus Day talk, which appeared in our issue of Oct. 15, page 1353.

In urging passage of the bill, Secretary Stimson told the House Military Affairs Committee on Oct. 14 that a 7,500,000-man army is planned for 1943 and that it now stands at about 4,250,000 men. He said that members of the 18 and 19 age groups are particularly well adapted to military training, since "their response to leadership, their recovery from fatigue, their enthusiasm or 'flair for soldiering' are exceptional as compared with older-age groups." The Secretary added that "the simple fact is that they are better soldiers and never before in its history has the American nation more urgently needed exceptional soldiers." Mr. Stimson said the army intended to build up a strong striking force, estimating that the air forces would be 2,200,000 men next year; the ground forces 3,300,000; the services of supply 1,000,000; with an additional 1,000,000 in training.

Appearing before the Senate Military Affairs Committee on Oct. 14, Gen. George C. Marshall, Chief of Staff, warned that there is too large a percentage of older men in the army and that it should be lowered. He said the army is considering the release of as many of the "older, ineffective" men as could be utilized in essential industries and replace them with the younger "more vigorous" men.

Also testifying before the Senate group on Oct. 14 were Admiral Ernest J. King, Commander-in-Chief of the Fleet, and Maj. Gen. Lewis B. Hershey, Selective Service Director.

Wage Raises Granted To Non-Ferrous Miners

The National War Labor Board on Oct. 16 granted an increase of $1 a day to 10,000 copper, lead and zinc workers in Idaho and Utah, half of the increase to be paid only to those workers whose continuity of work and standards of production come up to certain standards. From the Board's announcement, we quote:

"The increase is made retroactive to May 15, in the case of the Idaho mines, and to July 1, in the case of the Utah mines. This retroactive pay is to be granted in the form of war bonds and stamps. No retroactive pay is to be granted to any employee who has left the employ of the companies, unless he returns to the job immediately or unless he left his job to join the armed services or because of causes beyond his control. The employees are represented by the International Union of Mine, Mill and Smelter Workers, CIO.

"At the same time, the Board set up a five-man War Labor Board Non-Ferrous Metal Stabilization Panel 'to recommend to the Board specific plans and policies for the stabilization of labor relations throughout the industry, to the end that a maximum production of non-ferrous metals for the duration of the war may be promoted.'

"The Board took this action because, according to a resolution adopted by a vote of 8 to 4, the employer members dissenting, it found 'that there exists a critical shortage in the mining of non-ferrous metals, particularly copper, which has resulted in directly impeding the production of essential munitions and is interfering with the war effort of the nation.'

"The resolution also stated that the Board found that various Government agencies had taken certain concerted steps to overcome the shortage of copper, lead and zinc, and that 'the Board has been asked, as a part of this concerted plan, to approve certain wage increases.'

"The Board's resolution also pointed out that the increases granted 'are still below the common and skilled labor rates prevailing generally for comparable work in the expanded labor market that has resulted from war production.'

"The resolution also said that 'the National War Labor Board having approved the foregoing wage increases has reason to believe that the foregoing proposed wage increase will require a change in the price of the commodities involved. Therefore, by virtue of the Executive Order of Oct. 3, 1942, this order of the Board insofar as it affects wages shall not become effective until approved by the Economic Stabilization Director.' "

Sept. Living Cost Up Conference Bd. Finds

Living costs for wage earners and lower-salaried clerical workers rose in 48 of the 70 cities surveyed each month by the National Industrial Conference Board. The largest increase, 2.1%, was shown in Oakland. Three cities—New York, Toledo and Seattle—went up more than 1.0%. Five cities remained at the same level as the previous month, while 17 declined from 0.1 to 0.5%. In the United States as a whole, the cost of living increased 0.5%. The Board states:

"The cost of living was higher this September than in September, 1941, in all cities for which comparable figures are available. Erie and San Francisco made the largest increase, 12.3%. The smallest advance, 6.0%, was shown in three cities — Louisville, Grand Rapids and Kansas City. Living costs for United States as a whole rose 8.6% during the 12 months, and since January, 1941, an increase of 14.7% is recorded."

Insolvent National Bank Dividends

Comptroller of the Currency Preston Delano announced on Oct. 20 that during the month ended Sept. 30, 1942, authorizations were issued to receivers for payments of dividends to the creditors of eight insolvent national banks. Dividends so authorized will effect total distributions of $2,360,790 to 79,222 claimants who have proved claims aggregating $33,626,200 or an average payment of 7.02%. The announcement adds:

"The minimum and maximum percentages of dividends authorized were 1.22% and 14.05%, while the smallest and largest payments involved in dividend authorizations during the month were $49,900 and $750,000, respectively. Of the eight dividends authorized during the month, two were regular payments, five were final payments, and one was a final and partial interest payment."

Willkie Calls For New Fronts In Europe And Asia Urges Greater Aid To Allies & Defining War Aims

(Continued from first page)

enormous contribution to the new solutions. They are able and eager to work with representatives of the United States, and to begin now."

Another "leak in our reservoir of goodwill" Mr. Willkie described as "the atrophy of intelligence which is produced by stupid arbitrary or undemocratic censorship." With respect to this latter point, Mr. Willkie said:

"Military experts, as well as our leaders, must be constantly exposed to democracy's greatest driving power — the whiplash of public opinion, developed from honest, free discussion. Men with great power usually like to live free of criticism. But when they get that way, that's the time to increase the criticism."

Expressing the belief that the United States has the resources, manpower and courage to win the war, Mr. Willkie warned that a military victory will not be enough since "we must win the peace." He listed these three things as necessary to win the peace:

"First, we must plan now for peace on a global basis; second, the world must be free, economically and politically, for nations and for men that peace may exist in it; third, America must play an active, constructive part in freeing it and keeping its peace."

Mr. Willkie's report to the President on his recent mission was referred to in our issue of Oct. 22, page 1436. His radio address of Oct. 26, follows in full:

"Several months ago it occurred to me that perhaps I could make a contribution to the war by visiting the world's people who have a stake in it. I wanted to see them. I wanted to talk to them at their fighting fronts. I also wanted frank discussion with both leaders and peoples in countries which have not yet decided on their course of action.

"Naturally, in time of war, it is impossible to leave this country without permission. So I applied to the President for permission to visit the Middle East, Russia and China. I wanted to go as a private citizen, as I had gone to England when she alone was so courageously holding the free world's battle line against Hitler. The President agreed to my trip, and asked that I perform certain specific tasks for him, which I was happy to undertake.

"It was clearly understood between him and me that apart from the specific matters handled for him, that I should go as a free agent. I was at liberty to express my opinion while abroad and equally so when I returned.

"I have talked to literally hundreds and hundreds of people around the world in the last two months. Everywhere I made it crystal clear that I was present as a free citizen of a free country, a member of a different party from the President's—in fact, the candidate who opposed him in 1940.

"I traveled in a four-engined Consolidated bomber, which had been converted for transport service, and which was operated and navigated with extraordinary skill by American Army officers. All my personal expenses I paid myself. If I have occasion to write articles, reporting on my journey at greater length, any proceeds will be paid at my direction to various war relief agencies that are supporting our common cause.

"I make these points clear because the citizens of a democracy have the right to know them. And tonight I am reporting to you, and summarizing my conclusions, as an American, interested only in the welfare of my country and proud that I am accountable only to my fellow-citizens.

"If I ever had any doubts that the world has become small and completely interdependent, this trip would have dispelled them altogether. I traveled a total of 31,000 miles, which sounds very far—and is. The net impression of my trip, however, is not one of distance from other peoples, but of closeness to them.

"Now, the extraordinary fact is that to cover these apparently enormous distances we were in the air a total of only 160 hours. We usually flew from eight to ten hours a day when we were on the move, which means that, out of the 49 days I allotted to the trip, I had about 30 days on the ground for the accomplishment of the purposes at hand.

"The new world that has been opened up by modern inventions was never more vividly illustrated I think, than on our last lap home. We left Chengtu on Oct. 9, traveled almost 1,000 miles in China, crossed the vast expanse of the Gobi Desert and the Mongolian Republic, crossed thousands of miles of Siberia, crossed the Bering Sea, the full length of Alaska and the full width of Canada and arrived in the United States four days later, on Oct. 13.

"I say to you: There are no distant points in the world any longer. The myriad millions of human beings of the Far East are as close to us as Los Angeles is to New York by the fastest railroad trains. I cannot escape the conviction that in the future what concerns them must concern us, almost as much as the problems of the people of California concern the people of New York.

"Our thinking and our planning in the future must be global.

"Now this world we live in has become small not only on the map but also in the minds of men. All around the world there are some ideas which millions and millions of men hold in common, almost as much as if they lived in the same town. One of these ideas, and one which I can report without hesitation, has tremendous significance for us in America; it is the mixture of respect and hope with which the world looks to this country.

"Whether I was talking to a resident of Belem or Natal in Brazil, or one toting his burden on his head in Nigeria, or a Prime Minister or a King in Egypt, or a veiled woman in ancient Baghdad, or a Shah or a weaver of carpets in legendary Persia, now known as Iran, or a follower of Ataturk in these streets of Ankara, which look so like the streets of our Middle Western cities, or to a strong-limbed, resoulte factory worker in Russia, or to Stalin himself, or to the enchanting wife of the Great Generalissimo of China, or a Chinese soldier at the front, or a fur-capped hunter on the edge of the trackless forests of Siberia—whether I was talking to any of these people, or to any others, I found that they all have one common bond, that is their deep friendship for the United States.

"They, each and every one, turn to the United States with a friendliness which is often akin to genuine affection. I bring back to you this clear and significant fact: That there exists in the world today a gigantic reservoir of goodwill toward you, the American people.

"Now many things have created this enormous reservoir. At the top of this list go the hospitals, schools and colleges which Americans—many of them missionaries—have founded in the far corners of the world. Many of the new leaders of old countries—men who are today running Iraq or Turkey or China — have studied under American teachers whose only interest has been to spread knowledge. Now, in our time of crisis, we owe a great debt to these men and women who have made friends for us.

"Goodwill has also been stored up for us, like credit in a bank account, by those Americans who have pioneered in opening of new roads, new airways, new shipping lines. They have caused the world to think of us as people who move goods, and ideas, and move them fast. They like us for this, and they respect us.

"Our motion pictures have played an important role in building up this reservoir of friendliness. They are shown all over the world. People of every country can see with their own eyes what we look like, can hear our voices. From Natal to Chungking I was plied with questions about American motion-picture stars — questions asked eagerly by shop girls and those who served me coffee, and just as eagerly by the wives of Prime Ministers and of Kings.

"There are still other reasons for our reserve of goodwill abroad. The people of every land, whether industrialized or not, admire the aspirations and accomplishments of American labor, which they have heard about, and which they long to emulate. Also, they are impressed by American business and industry.

"In nearly every country I went to there is some great dam or irrigation project, some harbor or factory, which has been built by Americans. People like our works, I found, not only because they help to make life easier and richer, but also because we have shown that American business enterprise, unlike that of most other industrial nations, does not necessarily lead to political control or imperialism.

"Now I found this dread of imperialism everywhere. The fact that we are not associated with it in men's minds has caused people to go much farther in their approval of us than I had dared to imagine. I was amazed to discover how keenly the world is aware of the fact that we do not seek—anywhere, in any region—to impose our rule upon others or to exact special privilege.

"All the peoples of the earth know that we have no sinister designs upon them, that even when we have in the past withdrawn from international affairs into a false self-sufficiency, it was without sinister purpose. And they know that, now we are in this war, we are not fighting for profit, or loot, or territory, or mandatory power over the lives or the governments of other people. That, I think, is the single most important reason for the existence of the reservoir of goodwill around the world.

"Now, as I see it, the existence of this reservoir is the biggest political fact of our time. No other nation has such a reservoir. Ours must be used to unify the peoples of the earth in the human quest for freedom and for justice. It must be maintained so that, with confidence, they may fight and work with us against the gigantic evil forces that are seeking to destroy all that we stand for, all that they hope for.

"The preservation of this reservoir of goodwill is a sacred responsibility, not alone toward the aspiring peoples of the earth, but toward our own sons who are fighting this battle on every continent. For the water in this reservoir is the clean, the invigorating water of freedom.

"I bring you the assurance that this reservoir exists. I also bring you the warning that it is leaking. It is leaking dangerously. It is leaking at a thousand points. It is leaking through steadily spreading cracks and holes.

"These holes have not been punched in it by Hitler. They have been punched by us. All the leaks in this priceless reservoir are of our own making. For the very existence of this reservoir is built on confidence in us, in our integrity of purpose, our honesty in dealing, our ability in performance. We have made great promises. How have these promises been fulfilled?

"Now take the vital matter of our production of war materials. Here we are, supposedly the biggest industrial nation on earth. But the flow of war materials out of this country to some of the nations I visted is not only small in itself, but as compared to the immensity of this global war we are engaged in it is tragically small.

"This was first dramatized for me not at the end of my trip but near the start, when I saw a warehouse that was supposedly an important distribution center for American materials to be delivered by air transport. That warehouse was about the size of my house in Rushville, which has ten rooms. But when I came to examine the goods in it, I found there were only enough to fill about one room of such a house.

"From this infinitesimal supply materials would have to branch out into ever-smaller streams and finally trickle into the hands of those who so desperately need them—people who sometimes do not know whether to laugh or to weep when these crates and packages arrive.

"I followed some of those streams and other streams to their destinations, and I stopped talking about American production. If I were to tell you how few bombers China has received from us you simply would not believe me. If I were to tell you how far Russia feels we are from fulfilling our commitments, you would agree with me that we have little reason to boast about our performance.

"There are, of course, exceptions. I have seen American planes and tanks which have been in hard and grueling action and which stood up magnificently. I have seen the beginnings of shipping routes which will some time carry the kind of traffic the world is waiting for. I have seen something of the heroism and the skill with which Americans — pilots, sailors, engineers — are blasting the routes clear for our production when we get it ready.

"Now when will this be? That depends, I think, on how quickly we, and our leaders, can begin to think and act offensively, can begin to mobilize not for defense but for attack. It is my reasoned judgment that we cannot win this war 40% mobilized. There are a great many people listening to me tonight who would like to do more if they knew what more to do. It is up to us to make our leaders give us more to do.

"For I tell you that if we continue to fail to deliver to our Allies what they are entitled to expect from us or what we have promised them, our reservoir of good-will will turn into one of resentment. We cannot laugh this off or shrug it away or hide it behind censorship. Five million Russians and 5,000,000 Chinese have given their lives in this struggle. Each of these countries has lost as many men as we have in our entire army. We owe them more than boasts and broken promises.

"We are also punching holes in our reservoir of good-will every day by failing to define clearly our war aims. Besides giving our Allies in Asia and Eastern Europe something to fight with, we have got to give them assurance of what we are fighting for. The 200,000,000 people of Russia and the 450,000,000 people of China—people like you and me—are bewildered and anxious. They know what they are fighting for. They are not so sure of us. Many of them have read the Atlantic Charter. Rightly or wrongly, they are not satisfied. They ask: What about a Pacific Charter? What about a World Charter?

"Their doubts were expressed to me in simple, unmistakable questions. 'Is there to be a charter only for the millions of the Western Hemisphere?' they asked. 'Is there to be no charter of freedom for the billions of the East? Is freedom supposed to be priceless for the white man or for the Western world but of no account to us in the East?'

"Many of them also asked me the question which has become almost a smybol all through Asia: What about India? Now I did not go to India and I do not propose to discuss that tangled question tonight. But it has one aspect, in the East, which I should report to you. From Cairo on, it confronted me at every turn. The wisest man in China said to me:

"'When the aspirations of India for freedom were put aside to some future unguaranteed date, it was not Great Britain that suffered in public esteem in the Far East. It was the United States.'

"This wise man was not quarreling with British imperialism in India when he said this—a benevolent imperialism, if you like. He does not happen to believe in it, but he was not even talking about it. He was telling me, and through me, you, that by our silence on India we have already drawn heavily on our reservoir of good-will in the East. People of the East who would like to count on us are doubtful. They cannot ascertain from our government's wishy-washy attitude toward the problem of India what we are likely to feel at the end of the war about all the other hundreds of millions of Eastern peoples. They cannot tell from our vague and vacillating talk whether or not we really do stand for freedom, or what we mean by freedom.

"In Africa, in the Middle East, throughout the Arab world, as well as in China and the whole Far East, freedom means the orderly but scheduled abolition of the colonial system. I can assure you that this is true. I can assure you that the rule of people by other people is not freedom, and not what we must fight to preserve.

"Please understand — I am not talking about the Commonwealth of Free Nations. I am talking about the colonial system wherever it exists, under whatever nation. We Americans are still too apt to think and speak of the British Empire. We must recognize the truth that in vast areas of the world there is no longer any British Empire but instead a proud Commonwealth of Free Nations. British and colonial possessions are but remnants of empire. We must remember that throughout the Commonwealth there are men and women numbered in millions, who are working selfessly and with great skill toward reducing those remnants, extending the Commonwealth in place of the colonial system.

"This it seemed to me, was what General Smuts was talking about in his recent dramatic speech before the cheering British Parliament.

"As Americans we must also recognize that we share with these men and women of the British Commonwealth of Free Nations the responsibility of making the whole world a commonwealth of free nations. The grim, relentless progress of this war is teaching all of us that in a world forced to choose between victory and slavery, between freedom and fascism, there are no purely local problems.

"India is our problem. If Japan should conquer that vast subcontinent, we will be the losers. In the same sense, the Philippines are a British problem. If we fail to deliver, by force of arms, the independence we have promised to the Filipinos, the whole Pacific world will be the loser. We must believe these simple truths, and speak them loudly and without fear. Only in this way can the peoples of the world forge, in this war, the strength and the confi-

(Continued on page 1554)

Chilean President Defers Visit To U. S. Incident To Speech Of Welles

President Juan Antonio Rios of Chile notified President Roosevelt on Oct. 12 that his planned visit to the United States has been postponed for the present because "official information circulated in the United States about my country has created an unpleasant atmosphere."

This decision followed a formal Chilean protest, filed with the State Department on Oct. 10, against a speech made by Acting Secretary of State Sumner Welles at Boston on Oct. 8, in which, said United Press accounts from Washington Oct. 14, Mr. Welles said that Chile and Argentina had failed to carry out the Rio de Janeiro conference resolutions recommending severance of relations with the Axis. From the same advices we quote:

"Mr. Welles said that Axis agents were operating in these two countries, 'for hostile activities against their neighbors.'"

President Rios had been scheduled to leave Santiago Oct. 14, to reach Washington Oct. 22.

Argentina also protested against Mr. Welles's speech on Oct. 10, according to an announcement from the Argentine Foreign Office.

In his message to Mr. Roosevelt, President Rios said that deferring his trip "in no way alters the decided intention of my government to continue cooperating with the United States and the other sister nations of America in the defense of the continent."

Expressing regret at the Chilean President's decision, Mr. Roosevelt in his reply voiced the hope that the trip could be undertaken in the near future.

The State Department's translation of President Rios's message follows:

"I profoundly appreciate the friendly and understanding statements which Your Excellency has been so good to formulate to Ambassador (Rodolfo) Michels concerning the cordial spirit in which you will receive the visit of the President of Chile, whose sincere American feeling and disposition and that of his Government Your Excellency so kindly recognized; but I find myself in the regrettable necessity of stating to Your Excellency that the last official information released in the United States concerning the international position of my country, which has created an unfavorable atmosphere, counsels me to postpone, for the present, the honor of visiting Your Excellency.

"Your Excellency can be sure that this in no way alters the decided intention of my government to continue cooperating with the United States and the other sister nations of America in the defense of the continent.

"I renew to Your Excellency the expression of my sincere gratitude for your honored invitation and, seeing myself forced to defer my voyage for cause so foreign to my desire, reiterate to Your Excellency the homage of my admiration and respect."

President Roosevelt's reply follows:

"I wish to acknowledge Your Excellency's message stating that you have decided to postpone for the present, your visit to the United States.

"I am sorry to learn of Your Excellency's decision, and I want you to know also of my deep personal regret in not having the opportunity of meeting and knowing you personally.

"I was looking forward to exchanging views with you regarding the implementation of the desire of Chile, mentioned in your message, to cooperate with the United States and the other republics of the Americas in the defense of the Western Hemisphere.

"I have always felt that it is extremely difficult for heads of nations to discuss pending and difficult questions only by letter or telegram, and that almost all problems can be solved by personal meetings and by what we in the United States call 'sitting around the table as personal friends.'

"That is why I very much hope that you will come to Washington a little later and that I can consider your visit is merely postponed for a short time.

"As you probably know, I had planned to visit Santiago in the Autumn of 1939, but after the World War broke out, and especially since the United States became a party to that war, I have been unable to leave Washington.

"May I renew to Your Excellency my warm regards and the expressions of my high esteem and sincere friendship."

Wholesalers' Sales, Inventories, And Credits In August

August sales of wholesalers, amounting to $314,686,000, was an advance of only 2% over the same month a year ago, according to an announcement released by J. C. Capt, Director of the Census. The gain reported in July of this year as compared with July, 1941, was 9%. A decrease of 2% occurred between July and August of 1942 as against the usual seasonal increase recorded between these months. Sales for the first eight months of 1942 totaling $2,908,693,000, were 18% above those for the corresponding period of 1941.

The Census Bureau's announcement explains:

"Twenty of the 35 trades for which separate data are presented in this report showed increases in sales for August of this year compared with August, 1941, 12 showed decreases, and three were at approximately the same level. For the most part, the decreases were confined to the durable goods lines. In the non-durable goods trades, sales of full-line wholesalers of groceries and foods advanced 14%; meats and meat products, 24%; wines and liquors, 21%; tobacco and its products, 10%; shoes and other footwear, 8%; drugs and sundries (liquor excluded), 8%; and dry goods, 2%. Dollar volume for wholesalers of paper and its products, however, dropped 21%. With the exception of the 23% increase shown for wholesalers of surgical equipment and supplies and the 9% gain for jewelry wholesalers, the durable goods trades for which separate statistics are presented in this report recorded sales losses for August, 1942, compared with August, 1941, or a dollar volume of sales approximately equal for the two months. Sales of furniture and house furnishings wholesalers dropped 23%; electrical goods, 18%; metals, 15%; plumbing and heating supplies, 15%; automotive supplies, 10%; and lumber and building materials, 10%. Dollar sales of wholesalers of industrial supplies and of optical goods were at approximately the same level.

"Inventories, in terms of dollars based on cost values, at the close of August, dropped 4% compared with July, the fifth consecutive month when inventories at the end of the month were lower than those at the beginning. Inventories at the close of August, 1942, were also 4% below those for the same date last year, the first decrease recorded since 1939, when inventories at the close of July of that year were slightly less than those at the end of July, 1938.

"The stock-sales ratio for wholesalers at the close of August, 1942, was 127 as against 130 for August, 1941, and 131 for July, 1942. Of the 31 trades for which stock-sales ratios are shown, 20 registered a decrease in their ratios for August, 1942, compared with those for August, 1941, 10 showed increases, and one (shoes and other footwear) was the same. Full-line wholesalers of groceries and foods, with a 14% increase in sales and a 7% decrease in inventories, registered a stock-sales ratio of 123 for August, 1942, as compared with 149 for August a year ago. General hardware wholesalers, with a sales loss of 6% and a 14% decrease in inventories, recorded a stock-sales ratio of 211 for August of this year as against a ratio of 220 for August, 1941. Wholesalers of meat and meat products, of electrical goods, and of jewelry also showed decreases in stock-sales ratios at the close of August compared with a year ago. Substantial increases in stock-sales ratios, however, were shown for wholesalers of paper and its products, paints and varnishes, dry goods, and furniture and house furnishings, on the basis of a comparison with August, 1941.

"Collections on accounts receivable were up more than 14% for August, 1942, compared with August, 1941, but down slightly more than 3% compared with July, 1942. The collection ratio for August of this year was 87; for August of last year, 76; and for July, 1942, 90. Accounts receivable were 3% less on Aug. 1, 1942 than on Aug. 1, 1941. Accounts receivable on Aug. 1, 1942 were at approximately the same level as recorded for the beginning of July, 1942."

This monthly study is conducted jointly by the National Association of Credit Men and the Bureau of the Census.

Green Again Heads AFL. Calls For Labor Unity

William Green, President of the American Federation of Labor, was reelected on Oct. 14 to his 18th full term as head of the organization at the concluding session of the 62nd annual convention held in Toronto.

George Meany was again elected Secretary-Treasurer, as were the 13 Vice Presidents who make up the Federation's Executive Council.

In accepting reelection, Mr. Green put winning of the war as the first problem for the coming year and winning the peace as second. He added that unity and solidarity in the ranks of labor must be a solemn objective for 1943. Mr. Green also expressed the belief that 1943 "is going to be the decisive year" and that some time during this year "the German machine is going to collapse of itself."

The convention, before adjourning, approved a statement of policy on international labor relation saying the exclusion of Soviet trade unions and others from the Anglo-American Trade Union Committee should not be construed as lack of support in any measure of the workers of Russia and other United Nations.

Boston was chosen for the 1943 convention city.

The A. F. of L. convention had been in session in Toronto since Oct. 5, when President Green, in his keynote speech, promised that American workers would not only meet, but will exceed the production goals set by President Roosevelt before the end of this year.

Under-Secretary of War Robert P. Patterson told the convention on Oct 7 that to equip the Army which the United States now has and contemplates and to furnish our Allies with equipment " is the biggest production job we have ever tackled.

"That job calls for the greatest production effort by the Army and by industry, management and labor alike," he said. "Production of this armament will require deeper and deeper cuts into production of goods to satisfy civilian demands," he said. And he added:

"It will require the suspension of many of our peacetime standards as to hours and conditions of labor. It will require that there be no deviations from the pledges patriotically given by the leaders of labor that there will be no strikes or stoppages on war production.

"Strikes are few and far between now. There should be none, and I am confident that as the full significance of the war is brought home to all our people, there will be none."

Prime Minister W. L. Mackenzie King of Canada warned the delegates on Oct. 9 of the danger of Nazi propaganda that "the war must end in a stalemate, in some kind of compromise," saying that "at the best, a stalemate would mean an armistice with both sides remaining prepared for a renewal of the struggle."

Other resolutions approved resumption of peace negotiations with the Congress of Industrial Organizations and adopted a committee report which said the Manpower Commission's action in "freezing" Western metal and lumber workers was "hasty," and urging against any further action of that kind until safeguards for the workers have been established.

On Oct. 13 the convention approved recommendations for designation of the War Labor Board as top authority on wage policies, creation of an over-all board of military and civilian strategy in the United States Government, centralization of responsibility for all procurement in the chairman of the War Production Board and administration of rationing by the Director of Economic Stabilization.

A message from President Roosevelt lauding the members of the A. F. of L. for what they have done to further the war effort, was referred to in our Oct. 15 issue, page 1354.

Urges To Prepare Now For 'Victory' Taxes

Employers should be preparing now to deduct the 5% Victory Tax which will be imposed by the new Federal Income Tax Law, according to Harry C. Gretz, Assistant Comptroller of the American Telephone & Telegraph Co., who discussed the withholding features of the bill at the regular monthly meeting of the New York Control of the Controllers Institute of America, held on Oct. 21. Mr. Gretz pointed out that the withholding provisions of the tax bill "require quarterly remittances to the Government," and also "require an annual information return, which is a copy of a receipt to be given the employee." "The information returns," said Mr. Gretz, "are due with the last quarterly remittance, and the quarterly remittances are due not later than the last day of the month following the end of the calendar quarter. The provisions require employers to withhold from employees' pay each pay period 5% of the excess of gross wages over the payroll equivalent of $624 a year."

He recommended that employers make their remittances to the Government every month, instead of at quarterly intervals. "The money is to be withheld by the employer as agent for the Federal Government," he said, "but the agent is held responsible for the money until it is paid over. It would not mean much to the larger employers to issue monthly checks, and it would be a Godsend to the small employers who do not keep up-to-date books and who run their businesses on a cash basis. If I am not mistaken, many of them find it difficult to pay over the Social Security Tax under the 1% rate. It will be much more difficult for them with an additional 5% tax withholding."

Viewing the problem of increased taxes as a taxpayer, instead of as an employer, Mr. Gretz said that he endorses the Pay-As-You-Go Plan advanced by Beardsley Ruml, Treasurer of R. H. Macy & Co., and Chairman of the Federal Reserve Bank of New York, who followed him on the program. "Under the Ruml plan, as I see it," Mr. Gretz declared, "I will have to accumulate during each quarter only the amount of the current quarterly payment. But under present tax laws I must accumulate for five quarters in order to be up-to-date with the Government. Of course, accumulating for one quarter's taxes will not be easy. Such accumulations, at the high rates now under consideration by Congress, will probably amount to as much as, if not more than, a whole year's accumulations under peacetime rates."

Mr. Ruml, in discussing his plan at the meeting, stressed the fact that it involves a change in the criterion of ability to pay. "What we have been doing all along," he said, "is to estimate ability to pay in terms of last year's income, which ignores the fact that last year's income is over and gone, except for that part which remains as savings. Unless the Pay-As-You-Go Plan is applied in a manner to put all taxpayers on a current basis by eliminating past income as a test of ability to pay, we shall in fact be assessing a tax on savings. This tax on savings, being based on last year's income and not on current wealth, will not be related to ability to pay.

"The Pay-As-You-Go-Plan can only be justly and equitably applied under a policy of progressive taxation according to ability to pay, by applying it to all alike, and by skipping an income-tax year for all taxpayers in all brackets. By starting the new year with a new criterion of ability to pay, we simultaneously start it with all citizens income-tax-debt free."

Long Staple Cotton Price

In order to help assure the prompt harvesting of long staple SxP cotton in the Southwest for war needs, the U. S. Department of Agriculture announced on Oct. 14 that the Commodity Credit Corporation's support price for such cotton would be increased three cents per pound above previously announced rates to growers who pay as much as four cents per pound for picking. The base price previously announced was 39¾ cents a pound net weight. This cotton, now ready for harvest, is needed for parachutes and other vital war uses. The Department said:

"Announcement of the increased support price for the SxP crop was contained in a telegram from Secretary Wickard to O. M. Lassen, Chairman of the Arizona USDA War Board, outlining the plan for the increase and explaining the steps which will be taken to assure growers of competent workers transported under the Government's labor supply program. SxP cotton is grown in Arinoza, New Mexico, California and Texas, and the announcement is applicable to all SxP cotton grown in the United States.

"To further assure growers that they will receive efficient help, the Government has agreed that it will make contracts for and transport only competent adult workers. Minimum wage guarantees will apply only to competent adult workers. If workers under contract fail to pick enough cotton to average the minimum wage of 30 cents an hour their contracts will be terminated."

Treasury Preparing For Unprecedented Tax Collections Under New Revenue Act

Staffs of all the tax collecting and tax accounting agencies of the Treasury Department began work on Oct. 22 preparing to put into effect as smoothly and expeditiously as possible the record-breaking new Federal tax levies called for in the new Revenue Act of 1942, which was signed into law Oct. 21 by President Roosevelt.

The new taxes will increase to approximately $24,000,000,000, according to Treasury forecasts, the annual yield of existing revenue measures expanded to help finance the war. The combined levies will reach the pocketbooks of more than 50,000,000 recipients of wages, salaries and profits, with the total of their contributions amounting to not quite a third of the nation's current war expenditures. As the Act imposes on the American people their greatest tax-paying burden in history, so it imposes on the Treasury Department an unprecedented tax collecting responsibility, it was pointed out.

Assistants of Commissioner Guy T. Helvering of the Bureau of Internal Revenue, in which the Federal tax collecting procedures are centered, are at work on scores of tasks having to do with streamlining the collection machinery and lightening, as far as possible, the impact of the new tax load on American life.

Whereas individual income taxation short years ago reached only one American citizen out of 20, it now becomes the direct concern of about two persons out of every five. Treasury estimates indicate that approximately this ratio of taxpayers will be reached next year through the new tax on gross incomes and the lowering of exemptions for the regular individual income levy.

The Treasury's announcement also had the following to say:

"The Treasury statisticians expect 45,800,000 gross individual income tax returns to be made in 1944. Of these, it is estimated 3,000,000 will be from persons owing no tax but claiming credit for source collections. Of the remaining 42,800,000, it is expected 7,000,000 will be joint returns covering spouses from whom the tax will be collected at the source, and therefore will represent 14,000,000 persons. These forecasts place the actual number of persons paying the new gross individual income tax at 49,800,000.

"Spreading of the incidence of the regular individual income tax through lowered exemptions is expected by the Treasury to result in upwards of 35,000,000 returns on 1942 income, with probably 27,200,000 reporting taxes due. These estimates compare with the record of 26,369,044 returns and 16,760,865 individual income taxpayers on 1941 incomes.

"One of the first big tasks of the Treasury is to supply employers throughout the nation with full data concerning the new tax on individual incomes in excess of $624 a year—gross incomes in the case of wages, salaries, interest and dividends, and net incomes in the case of rents and money from business, professional and farm sources.

"This tax goes into effect Jan. 1, 1943, and the Revenue Act requires employers to deduct the tax from wages and salaries. The Internal Revenue Bureau soon will distribute, through its 64 collection districts in the United States and possessions, full instructions to employers on how the Revenue Act directives are to be complied with.

"Provisions requiring collection of the gross income tax at the source, for incomes from wages and salaries, represents the first application in this country of the current collection principle for individual income taxation. Employers will give each employee a yearly statement covering collections, and will transmit copies of the statements to the collectors of internal revenue to be used as basic Treasury Department records.

"Taxpayers will not make returns for the individual gross individual income tax until 1944, and there will be no reference to this tax on the regular individual income tax forms soon to be distributed for use in reporting 1942 incomes.

"Throughout 1943, however, individuals subject to the new tax are urged by the Treasury to keep detailed memoranda on which to base their 1944 returns. These memoranda, officials said, should cover not only amounts of income received and the periodic deductions made by employers, but also all transactions involved in the Revenue Act's scheme of 'post-war credits' against the tax.

"The Act provides that 40% of the tax shall be returned to married persons and 25% to single persons after the cessation of hostilities, within maximum limits of $1,000 per year for husband and wife filing a joint return, $500 for a single person or a married person filing a separate return, and $100 on account of each dependent.

"These credits may be taken currently to the extent of payment of premiums on life insurance in force on Sept. 1, 1942; net repayment of debts outstanding Sept. 1, 1942; and net purchases of specified United States obligations. The current credits will be claimed for 1943 when the first gross individual income tax returns are made out in 1944, covering 1943 income. When deductions from the wages or salary of the taxpayer have exceeded the remaining net amount of the new tax, the excess may be credited by the taxpayer on other taxes, including regular income taxes, which he owes the Government. If not so credited, the excess will be refunded by the Treasury.

"A nominal rate of 5% for the new tax is fixed in the Revenue Act. Taking of post-war credits currently will be general, however, the Treasury expects, and will reduce the effective rate to approximately 3% for married persons and 3.75% for single persons.

"The new rates and modified exemptions for the regular individual income tax are effective as of last Jan. 1, and hence are applicable to incomes for the full year 1942. The new individual income tax schedules will increase the annual yield from individual returns to about $8,000,000,000 and the new gross individual Victory tax, after deducting post-war credits, will yield about $1,955,300,000.

"Use of the simplified form No. 1040-A for regular individual income tax returns on incomes of $3,000 or less derived from specified sources — salary, wages, compensation for personal services, dividends, interest, and annuities—will be continued, and its popularity is expected to increase. About 9,000,000 persons used this form in reporting 1941 incomes.

"The new Revenue Act prevents use of form 1040-A by taxpayers reporting rents and royalties as part of their income. Another new restriction is that both spouses of a married couple making separate returns must use the same type of form. Heretofore, one spouse could use 1040 and the other 1040-A, if desired.

"In accordance with another departure in the new law, all individual income tax return forms are being revised to substitute a simple affirmation as to correctness for the oath previously required.

"A new deduction which is authorized by the Revenue Act is for extraordinary medical expenses not compensated for by insurance or otherwise. Such expenses become deductible to the extent that they exceed 5% of net income. Where a joint return is filed or the taxpayer is the head of a family, the maximum deduction allowed is $2,500; in other cases the maximum is $1,250.

"Total tax collection costs of the Government for the current fiscal year will be increased substantially by the new tasks which the Treasury faces, but Treasury officials said the cost per $100 of taxes collected is expected to show a further decline.

"For the fiscal year 1942, ending last June 30, with $12,976,589,177 collected, the cost per $100 was 57 cents. These 1942 figures exclude the yield of, and the cost of collecting, the vehicle taxes collected through post offices.

Collections for the fiscal year 1941 were $7,370,108,377 and the cost per $100 was 89 cents.

In the depression year 1932, the cost per $100 was $2.17, with $1,557,729,042 collected.

Need Purchasing Officers For Civilian War Service

The Civil Service Commission announces that the enormous expansion programs of Government establishments vitally connected with the war effort have vastly increased the volume and importance of the work of the Government purchasing officers. In order that Government establishments may operate at maximum capacity, it is imperative that purchasing officers be recruited who are skillful, resourceful and farseeing. The announcement further states:

"Purchasing officers are now being sought for positions which pay from $2,000 to $4,600 a year. They will prepare specifications for the purchase of Government supplies; prepare invitations to bid; and maintain current information with respect to market trends, fluctuations, sources of supply and laws and regulations pertaining to Federal procurement.

"The civil service examination announced for filling these positions calls for persons who have had from two to six years of responsible experience as purchasing or procurement officer handling large lots of materials of considerable variety. This experience may have been acquired with a large railroad, or other public utility, a large industrial or commercial establishment, a branch of the Federal Government or with the government of a State or large municipality.

"Applications are not sought from persons engaged in war work unless a change of position would result in utilization of higher skills possessed by the applicant. In keeping with War Manpower Commission policy, individuals engaged in any production and maintenance occupations in nonferrous metal mining, milling, smelting and refining, and logging and lumbering industries in the critical labor area which includes the States of Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Texas, Utah, Washington and Wyoming, cannot be considered for appointment in the Federal Government unless a certificate of separation from the United States Employment Service has been obtained by the Civil Service Commission.

"There are no age limits for this examination. No written tests are required. Applications will be accepted until the needs of the service have been met. Announcements and application forms may be obtained at any first or second-class post office or from the Civil Service Commission, Washington, D. C."

War Damage Corp. To Offer Banks Four Types Of Insurance, All Within One Policy

Four types of war damage insurance coverage, all within one policy, will be offered to banks shortly by the War Damage Corporation through casualty and surety companies, according to the Insurance and Protective Committee of the American Bankers Association. Announcement of the new policy on Oct. 15 follows several months of cooperative effort between the A. B. A.'s Insurance and Protective Committee, the WDC, and insurance company executives. On Oct. 1, the WDC placed into effect insurance coverage for registered mail and express shipments of money and securities. The new four-coverage policy is separate and distinct from this previously announced policy.

"To provide WDC coverage against loss of money and securities on insured premises and in transit by messenger required the drafting of a new policy and application," the Committee states in the current issue of its Protective Bulletin. "This policy will cover the same hazards as other WDC insurance contracts, namely, damage and destruction resulting from enemy attacks including any action taken by the military, naval or air forces of the United States in resisting enemy attacks." It is added:

"This policy is expected to cover exposures at specified locations and in transit (other than by registered mail or express) up to the amounts of insurance purchased. In the event of loss, however, the effective amounts of insurance will be reduced by any loss payments."

Representatives of casualty and surety companies will be authorized to accept premiums and issue policies covering both money and securities, and the four classifications of coverage will be determined by the location of the money and securities. These four classifications are expected to be as follows:

"A. While within a 'preferred' vault on premises designated in the schedule which is part of the policy application.

"B. While within any safe or vault regardless of preferred classification as shown in the schedule.

"C. While within the premises shown by the schedule, including safes and vaults.

"D. While in transit or otherwise outside of premises defined in the policy, for any business reason."

The Bulletin states:

"Because of the greater salvage possibilities through replacement the rates on securties coverage will be lower than those which apply to coverage of money.

"Banks with vaults which do not meet the 'preferred' specifications will not qualify for coverage 'A' but can secure WDC protection under coverage 'B' at higher rates.

"The amounts of coverage under 'B' and 'C' may be cumulative when money and securities are moved into a safe or a vault of less than preferred quality, for example, at the close of a business day or because of an air raid alarm. Likewise, the amounts of coverage under 'A,' 'B' and 'C' may be cumulative when money and securities are moved into a vault of preferred quality."

Perkin Chemical Medal To R. E. Wilson

Dr. Robert E. Wilson, President of the Pan American Petroleum & Transport Co., has been selected to receive the Perkin Medal of the Society of Chemical Industry for 1943. This medal is awarded annually for outstanding work in applied chemistry and the medalist is selected by a committee representing the five chemical societies in the United States. The medal will be presented to Dr. Wilson at a meeting to be held at the Chemists' Club, New York City, on Jan. 8.

To Stagger Pay Days For Govt. Employees

The Treasury Department announced on Oct. 16 a new plan, approved by the President, for the staggering of pay days for Government employees in Washington and immediate vicinity. According to the announcement, the new plan has for its purpose the alleviation of shopping, banking and check-cashing difficulties encountered by employees under the present system and of more evenly spreading the work load incident to the payment of salaries. The large increase in personnel in Washington during the past year has caused serious congestion, officials said. From the Department's announcement we also quote:

"The new system will be inaugurated Nov. 16. In establishing the new staggered pay day schedule for employees whose salaries are paid by its Division of Disbursement, the Treasury pointed out that consideration was given to payroll payments made by other disbursing officers on various days of the month. Employees whose pay days are changed will receive either an extra check or a larger check to cover the period from the end of their present pay periods to the beginning of the new pay periods.

"It is estimated that by next July 1 there will be about 336,000 employees in Washington receiving pay twice a month. Spread evenly over 20 pay days, the average number of employees to be paid on each pay day under the new plan will be about 33,600."

1943 Cotton Bagging

The U. S. Department of Agriculture announced on Oct. 16 the 1943 cotton-bagging-for-cotton-bales program, calling for the manufacture and sale of up to 8,000,000 cotton "patterns," or bale covers, to encourage the use of domestic cotton for this purpose and to aid in establishing eventually a self-sustaining market for bale covers made of cotton. The program will be similar to the cotton-bagging programs conducted by the Agricultural Marketing Administration in the past four years.

The Department's announcement states:

"Under the 1943 program, payments of 35 cents per pattern will be made to the manufacturers, holding approved applications, who make cotton patterns according to approved specifications and sell them to cotton producers, cotton ginners, cotton-seed oil mills, other distributors of bagging for cotton. Patterns must be either manufactured or sold before July 1, 1943.

"The cotton-bagging-for-cotton-bales program is one of the projects the USDA has undertaken to stimulate development of new uses and new markets for domestic cotton. As these projects develop on a commercially self-supporting basis they are expected to contribute to increased domestic use of cotton. The 1943 program provides for double the number of cotton bale covers called for under the 1942 program.

"Manufacture of the maximum quantity of bale covers called for under the 1943 program would require approximately 88,000 bales of cotton."

Byrnes Acts To Control All Salaries, Asks Detailed Data On Problems Of Nat'l Economy

James F. Byrnes, Director of Economic Stabilization, announced on Oct. 16 that he had arranged with the War Labor Board and the Treasury Department to bring all salaries under control.

At the first meeting with the 14-man Board assigned to advise him, Mr. Byrnes explained that "all salaries under $3,000 and those salaries up to $5,000 which are covered in wage agreements are to be regulated by the War Labor Board." He added that "for salaries over $3,000 other than those handled by the War Labor Board as part of wage agreements, the Treasury Department is preparing regulations."

The Presidential order providing for stabilization of the national economy only prohibited increases for salaries over $5,000, as was indicated in these columns Oct. 8, page 1265.

Declaring that "every man and woman, dollar and thing, everything must be utilized for the quickest winning of the war," Director Byrnes revealed that he had delegated to the Office of Price Administration the power to intervene in cases involving proposed increases in utility rates.

In addition, Mr. Brynes told the Board that he is working with the agencies concerned on regulations to cover these things:

"Limiting salaries to $25,000 after certain taxes and other permissible deductions.

"Machinery for handling wage increases which may affect price ceilings. This necessitates close cooperation between the War Labor Board and Office of Price Administration. A liaison official has been appointed by each of these agencies.

"Machinery for the control of agricultural prices. This necessitates similar cooperation between the Department of Agriculture and the Office of Price Administration."

Mr. Byrnes also said that he has begun to review the situation with the various agencies to determine if there is need for additional legislation.

He also has asked for detailed reports on some of the more important problems that lie ahead, among them being:

"Compulsory savings and other proposed measures to control excess spending power.

"Prospects as to future rationing needs.

"The spacing of military and lend-lease purchasing.

"Prospective subsidy needs and considerations which should govern or limit the use of subsidies.

"Wages of farm labor.

"The effect of the stabilization of wages on manpower problems, particularly on the migration of workers."

In a prepared statement read to the meeting, Mr. Byrnes said:

"Living costs must be kept from spiraling upward so all of us can be free to contribute our utmost to winning the war. Reductions in living standards that the war will impose must be shared equitably by all of the people, without profiteering. If we are to avert a repetition of the collapse that followed the last war, we must prevent runaway price increases now."

He further said that suggestions to keep down the cost of living will be looked forward to from all members of the Board.

"While ours is an economy based on personal incentive and the profit system," Mr. Byrnes said, "we must at this time give more attention to keeping prices down than keeping profits up."

Director Byrnes also laid down this policy:

"In most cases common counsel should result in common agreement. But we are at war and we cannot wait upon the counsel of perfection. We will make mistakes. But in war, inaction is the greatest of mistakes. If after an adequate interchange of views differences still persist. I shall resolve those difference and promptly communicate to you my decisions."

Newspaper Industry Advisory Committee

Donald M. Nelson, Chairman of the War Production Board, announced on Oct. 21 formation of a Newspaper Industry Advisory Committee to serve as a channel for discussion of the wartime problems of the American newspaper industry. It is noted in the announcement, because of the impact of war on the American economy, increasing materials requirements and other difficulties, the newspaper publishing industry faces a number of operating problems, and it is added that it is felt in the War Production Board that all of these problems should be fully discussed with representatives of the industry and all possible solutions explored.

At the Committee's first meeting in Washington on Oct. 27, the discussion centered around manpower and materials problems, the newsprint situation, and other questions. Among the list of subjects considered was the manpower shortage developing in the industry because of the demands of Selective Service and war industry, and the increasing effect on newspaper production of curtailed supplies of copper, zinc, steel stitching wire, and several vital chemicals.

The group also considered the effects on the nation's newspapers of a proposed reduction in newsprint production in the United States and Canada, as well as measures to distribute consumption of this commodity equitably in the event of the limitation. A cut in newsprint output has been considered to conserve manpower, transportation, and lumber for use in the war effort. It is indicated that in this connection the newspapers' own plan to conserve newsprint, transportation and labor, as set forth in the "ANPA Bulletin" of April 21, was also discussed. This plan relies on such methods as the elimination of sample copies and of "returns," a decrease in the number of editions, and other technical steps to effect the necessary savings.

Attention also was given to metal salvage problems within the newspaper industry.

The committee appointed by Mr. Nelson is expected to include the following newspaper executives:

E. F. Abels, Publisher, "The Outlook," Lawrence, Kan.

O. G. Andrews, General Manager, "The Day," New London, Conn.

W. G. Chandler, General Manager, Scripps-Howard Newspaper, New York, N. Y.

Robert Choate, Publisher, "Herald Traveller," Boston, Mass.

Howard Davis, Business Manager, "New York Herald Tribune," New York, N. Y.

Walter M. Dear, General Manager, "Jersey City Journal," Jersey City, N. J.

F. M. Flynn, Business Manager, "New York Daily News," New York, N. Y.

J. D. Gortatowsky, General Manager, Hearst Corporation, New York, N. Y.

J. S. Gray, Publisher, "Monroe News," Monroe, Mich.

James L. Knight, General Manager, "Miami Herald," Miami, Fla.

Charles Manship, Publisher, "Baton Rouge Times & Advocate," Baton Rouge, La.

J. M. North, Jr.. Editor, "Star-Telegram," Fort Worth, Tex.

John S. McCarrens. President, "Cleveland Plain Dealer," Cleveland, Ohio.

Fleming Newbold, General Manager, "The Evening Star," Washington, D. C.

John Potter, Publisher, "Argus," Rock Island, Ill.

Arthur H. Sulzberger, President, "New York Times," New York, N. Y.

Frank E. Tripp, General Manager, Gannett Newspapers, Elmira, N. Y.

S. E. Thomason, President and Publisher, "Chicago Times," Chicago, Ill.

S. R. Winch, General Manager, "Journal," Portland, Ore.

A complete membership list of the Committee will be made public shortly.

U.S. Commerce Chamb. Names Hilton to Dept.

Incident to plans recently announced for the expansion and intensification of the insurance services of the Chamber of Commerce of the United States as a war-time measure, announcement is made of the appointment of H. E. Hilton as assistant manager of its Insurance Department. Mr. Hilton brings with him to the Chamber 14 years of insurance experience. Until assuming his new duties he was associated with the Commercial Credit Co. of Baltimore in supervisory direction of that company's insurance operations, which include the Calvert Fire Insurance Co. and the Cavalier Insurance Corporation. Previously he was examiner in the Iowa Insurance Department, serving under three State insurance commissioners. As a part of his duties as General Assistant in the Chamber's Insurance Department, Mr. Hilton will give special attention to national and State legislation, and will assist in necessary studies of government war-time insurances and of activities of government departments that relate to the insurance industry.

Restrictions On Use Of School Buses

The New York State War Council has formally recommended that operation of school owned buses in the transportation of contestants and spectators to athletic events or practice places be retricted. The announcement dated Oct. 9 stated that this conforms with transportation conservation measures of the New York State War Council and the Office of Defense Transportation, and is in line with a recent ODT statement that "no special train or bus service, including charter bus service, to football games or other sport events, will be permitted." The New York State War Council further recommended that the use of school owned buses be limited to only essential student transportation, and that special convenience trips for observation, recreation or social purposes be eliminated. The announcement likewise said:

"School officials are requested to use their buses only when public facilities are not readily available or adequate. However, allowances should be made for the use of school buses for the transportation of elementary students whose age might prohibit their safe use of public facilities.

"This action would place schools owning their own vehicles on a par with schools who have previously chartered buses from private owners. The use of charter buses for the same purposes as outlined are prohibited under both Federal and State orders.

"These recommendations were made in accordance with an ODT request that the use of charter or school owned buses for transportation to athletic events no longer be permitted, regardless of whether the event is a part of a physical fitness program or a part of a school athletic program."

Subscription And Allotment Figures On Treasury Bond And Note Offering

Secretary of the Treasury Morgenthau announced on Oct. 13 the final subscription figures with respect to the recent offering of $4,000,000,000 of 2% Treasury Bonds of 1950-52 and of the additional issue of 1½% Treasury Notes of Series B-1946. Total subscriptions for both issues aggregated $4,100,677,600, or $1,960,785,000 and $2,139,892,600, respectively, and all subscriptions were allotted in full. Of the total subscriptions, about 25% came from sources other than banks which accept demand deposits.

Since the offering, which was open two days (Oct. 8-9), was not substantially oversubscribed, as is usually the case, Secretary Morgenthau indicated on Oct. 12 that in the future the books will be open for a longer period, depending on the size of the issue. Mr. Morgenthau also told his press conference on Oct. 12 that it is the Treasury's intention to continue to finance the war, so far as the commercial banks are concerned, at the 2% bond rate with a maturity of 7 to 10 years. He pointed out that during the first World War the interest rates on the Liberty loans ranged from 3½ to 4¾%. The Secretary also said that before the $4,000,000,000 offering was made investors had sought a 2¼% bond rate. He issued the following statement regarding the action taken and planned on future issues:

"After very careful consideration of all the factors by the Federal Reserve Open Market Committee and the Treasury we decided that in the best interest of all citizens of this country we should offer the financial community a 7½- to 9½-year bond at 2%. Now that we have successfully raised $4,000,000,000 at 2% with the cooperation of the investors of the nation, I sincerely hope we will be able to continue to finance this war in the 7- to 10-year range at 2%. If we are able to accomplish this, as I sincerely hope we will be, we will save not only this but future generations many millions of dollars of interest on the public debt."

The details of the $4,000,000,000 offering of bonds and notes were noted in these columns of Oct. 15, page 1356.

Subscriptions and allotments were divided among the several Federal Reserve Districts and the Treasury as follows:

Federal Reserve District	Treasury Bonds of 1950-52 Total Subscriptions Received & Allotted	Treasury Notes of Ser. B-1946 Total Subscriptions Received & Allotted
Boston	$80,284,600	$109,568,800
New York	876,260,500	862,571,700
Philadelphia	101,933,200	93,138,000
Cleveland	95,916,600	105,789,800
Richmond	80,838,300	75,482,500
Atlanta	88,697,500	67,752,500
Chicago	247,398,100	402,408,800
St. Louis	59,203,700	94,359,900
Minneapolis	34,568,200	57,115,200
Kansas City	70,184,300	74,564,100
Dallas	59,944,300	51,352,200
San Fran.	159,214,700	143,586,000
Treasury	6,341,000	2,203,100
Total	$1,960,785,000	$2,139,892,600

WPB Suggests Meat Saving Plan For Eating Places

The War Production Board's Food Requirements Committee issued on Oct. 19 an eight-point program under which restaurants and hotels can cooperate in the voluntary meat rationing plan.

Developed in cooperation with the American Hotel Association and the National Restaurant Association, the program is designed to reduce meat consumption until actual rationing is introduced, probably around Jan. 1.

The following are the recommendations:

(1) Maintenance of the standard sizes of meat portions at present prices except where the price of meat increases.

(2) Half portions at reduced prices for patrons who wish to cut down on meat.

(3) The display on table cards, menu stickers and walls of a summary of the share-the-meat program, enlisting patrons' cooperation.

(4) Indicating to patrons the approximate uncooked weight of restricted meat in each portion to help them stay within their shares.

(5) Reducing the number of meat dishes served.

(6) Not emphasizing meat dishes on menus.

(7) Serving only one meat at a meal to a customer.

(8) Providing more dishes prepared from unrestricted meats, poultry, fish and meat alternates such as cheese and beans.

The limits apply to all forms of beef, veal, lamb, mutton and pork, excluding the so-called variety meats, which include liver, heart, kidneys, sweetbreads, tongue and meats made from the heads and feet of animals.

The WPB Committee suggests that persons stay within these limits: Children under six years, ¾ pound a week; children six to twelve years, 1½ pounds; all above twelve, 2½ pounds.

Although the program did not call for a meatless day, New York City observed on Oct. 19 its first "meatless Tuesday" when hotels and restaurants generally complied with Mayor F. H. LaGuardia's request to conserve meat. It is expected that New York's public eating places will serve meatless meals on Tuesday each week until the war ends.

Migratory Workers To Get Extra "Gas" Rations

Migratory workers, including farm laborers who move with the harvest from one section of the country to another, need have no fear of being stranded away from home by the advent of national gasoline rationing, William M. Jeffers, WPB Rubber Director, announced on Sept. 24.

Under present gasoline rationing in the East, and under plans being prepared for the entire nation to conserve the country's auto tires, workers engaged on farms and war construction projects rank as essential workers in the war effort. They therefore are entitled to supplementary gasoline rations to move about as their work requires.

Those now away from home who decide to stay in the areas where they are now working will be entitled to gasoline rations necessary to enable them to carry on their work, and to get back to their home towns when their work has been completed, the announcement added.

Cotton Spinning Industry For September, 1942

The Bureau of the Census announced on Oct. 20 that, according to preliminary figures, 23,924,456 cotton spinning spindles were in place in the United States on Sept. 30, 1942, of which 22,956,224 were operated at some time during the month, compared with 22,973,572 for August, 23,109,576 for July, 23,094,560 for June, 23,117,204 for May, 23,102,176 for April and 22,977,528 for September, 1941. The aggregate number of active spindle hours reported for the month was 11,190,894,482. Based on an activity of 80 hours per week, the cotton spindles in the United States were operated during September, 1942, at 134.9% capacity. This percentage compares, on the same basis, with 136.4% for August, 130.2% for July, 133.7% for June, 138.5% for May, 135.2% for April and 124% for September, 1941. The average number of active spindle hours per spindle in place for the month was 468.

Federal Reserve Board Reports Industrial Activity Increased Further In September

In its summary of general business and financial conditions, the Board of Governors of the Federal Reserve System reported on Oct. 23 that "industrial activity expanded further in September and the first half of October. Prices of uncontrolled commodities continued to advance in September. Early in October an Office of Economic Stabilization was established with a view to more effective control of prices and wages affecting the cost of living."

The Board's summary continued:

Production

Industrial production increased more than seasonally in September and the Board's adjusted index rose 2 points to 185% of the 1935-1939 average. Armament production continued to advance. Steel production was maintained at a high level during September and then increased during October, reaching 101% of rated capacity in the third week of the month. Cotton consumption continued at a high rate and output of manufactured food products rose more than seasonally owing chiefly to increased activity in the meatpacking and canning industries. Coal production, which had been maintained in large volume during the summer months, did not show the usual sharp seasonal rise in September and the first half of October. Output of crude petroleum showed little change following a considerable increase in August.

Value of construction contracts awarded in September was about the same as in August, according to reports of the F. W. Dodge Corp. As in other recent months, awards were mainly for publicly-financed work which, in September, amounted to over 90% of the total.

Contracts for manufacturing buildings reached the highest total yet reported, and increased awards for defense housing raised the total for residential building by about one-fourth despite a decline in privately-financed work. Awards for public works and utilities and for commercial buildings dropped substantially.

Distribution

Department store sales, which had been unusually large in August, showed somewhat less than the usual sharp seasonal rise during September. In the first half of October sales were sustained near the high level prevailing at the beginning of the month. Variety store sales increased seasonally from August to September, while sales in small towns and rural areas rose by more than the usual seasonal amount.

Railroad freight-car loadings increased further in September and the first half of October. The rise was small for this time of year, however, owing mainly to the fact that shipments of many commodities, particularly coal, had been maintained at unusually high levels during the summer months.

Commodity Prices

Prices of uncontrolled commodities advanced further in September. During the first half of October, after passage of an amendment to the Price Control Act of 1942, more widespread controls were announced. Maximum prices at the highest levels reached around the end of September were established for butter, cheese, eggs, and various other foods. These items constitute nearly one-third of the food budget and now the proportion of the total under control is about 90%. Another action directed residential rents throughout the country to be limited to the levels of March 1, 1942, wherever rent control procedures were not already in effect.

Agriculture

The Oct. 1 official crop report confirmed earlier prospects that unusually heavy crop yields were in sight. The Department of Agriculture pointed out, however, that, as the harvest progresses under difficulties, particularly as to labor supply, farmers are showing less assurance that it can be completed in season. Record crops of grain, hay, oilseeds, sugar, vegetables, and probably fruits are still likely.

Bank Credit

Following a temporary peak of $3,000,000,000 in mid-September, excess reserves of member banks declined to $1,700,000,000 in the latter half of September but increased considerably in the first three weeks of October. This increase resulted in part from the action of the Board of Governors of the Federal Reserve System in reducing reserve requirements on demand deposits at central reserve city banks from 22 to 20%, which added about $400,000,000 to excess reserves. In addition member bank reserves were increased through purchases of Government securities by the Federal Reserve Banks. As a result of these developments excess reserves of all member banks on Oct. 21 amounted to $2,400,000,000 of which about $500,000,000 were in New York City.

At reporting banks in leading cities heavy purchases of new Treasury certificates of indebtedness and Treasury notes were reflected in an increase of $1,600,000,000 in Government security holdings during the four weeks ending Oct. 14. Further large increases occurred in the following week as banks received their allotments of the new 1½% notes and 2% bonds. Commercial loans, after declining in August and September, increased in the first two weeks of October, mainly in New York City, while other loans declined further.

United States Government Security Prices

Prices of United States Government securities continued steady last month. Long-term taxable bonds are yielding 2.33% on the average and long-term partially tax-exempt bonds are yielding 2.05%.

N. Y. State Factory Jobs Higher In September

In a statement released Oct. 15, Industrial Commissioner Frieda S. Miller reported gains at New York State factories of 2.1% in employment and of 4.2% in payrolls between August and September. The continued expansion at war plants and the large seasonal increases at canneries were the main factors that produced the gains this month. Average weekly earnings rose from $38.90 in August to $39.89 in September. A good part of this gain in earnings was caused by the payment of overtime premium rates at many war plants for work on Labor Day, which fell in the reported pay period this September. From the Board's advices we also quote:

"The New York State Department of Labor's index of factory employment, based on the 1935-39 average as 100, rose to 149.5 (preliminary) for September. The corresponding payroll index was 239.5. Compared with September a year ago, there were 4.9% more workers employed this September on a payroll that was 23.1% higher. Most consumer goods industries were operating with fewer employees this September than in September 1941. However, metals and machinery plants, in which most of the State's war industry is concentrated, increased their working force during the year by about 25%.

"Preliminary tabulations covering reports from 2,682 representative factories throughout the State from the basis for the statements made in this analysis. These firms employed 613,974 wage earners this September on a total payroll for the middle week of the month of $24,489,515. The Division of Statistics and Information, under the direction of Dr. E. B. Patton, is responsible for the collection, tabulation and analysis of these reports.

"From August to September, the metals and machinery group of industries added 2.5% more workers to a payroll that expanded by 7.4%. The largest gains in the month were reported by war plants making airplanes, ships, tanks and electrical equipment. Smaller gains were reported by steel mills, machinery, non-ferrous metal and automobile plants. Manufacurers of most types of civilian metal goods, such as castings, tin cans, razors, heating equipment, jewelry, agricultural machinery and bicycles laid off workers. Workers at several steel mills and electrical equipment plants received wage rate increases of about 5½ cents per hour. Those metal plants that operated on Labor Day paid their workers at a premium rate. Almost all manufacturers of instruments, photographic and optical goods continued to expand this month. . . .

"The percentage gains in forces and payrolls between August and September were somewhat better in New York City than in the rest of the State. In the absence of major losses in the other industries, the sizable gains at women's dress, shipbuilding, food, instrument, machinery and printing firms were mainly responsible for the increases in the totals."

New Unit Formed To Increase Scrap Yield

An increase in the amount of scrap iron and steel obtained from structures where the cost of demolition exceeds the value of the metals was assured on Oct. 16 with the announcement of a working relationship between the Conservation Division's Special Projects Salvage Section and War Materials, Inc., newly organized at the instance of the Metals Reserve Co., a subsidiary of the Reconstruction Finance Corporation. The WPB in indicating this said:

"The Special Projects Salvage Section was established to expedite the movement of iron and steel scrap available in large structures where salvage is impeded by legal, financial, and other obstacles.

"Projects will be located and investigated by the field force of the Special Projects Salvage Section of the War Production Board, which also will advise the owner regarding the transfer of title to War Materials, Inc.

"War Materials, Inc. will engage and pay contractors to demolish the structures.

"Many of the problems that impede the demolition of large structures are other than financial. The Special Projects Salvage Section has, since March, arranged for the movement of 1,800,000 tons of iron and steel scrap, mostly without financial assistance, except in the case of street car rail handled by the Work Projects Administration. Work Projects Administration is continuing to handle projects of this type but where it does not have labor available, War Materials, Inc., will take care of the demolition.

"The Special Projects Salvage Section has solved a variety of problems such as obtaining local bank loans for worthy salvage projects. For instance, slag dumps adjacent to steel mills are being excavated with financial assistance of this sort.

"Legal problems also have been solved in many instances by use of the requisitioning power vested in the War Production Board. Other activities have included the salvaging of a number of ships in the Great Lakes; sunken material of all kinds in the Mississippi River and its tributaries; iron and steel from abandoned mines, quarries, city dumps, Indian Reservations, logging camps; abandoned radio towers, bridges, and buildings; rails used to pave grade crossings; oil wells and pipe lines and even such objects as 100 old wooden ships from World War I, which have been found to contain 100 tons of iron and steel each.

Service Men's Civil Rights Bill Signed

A bill protecting the civil rights of men in the armed forces was signed by President Roosevelt on Oct. 6. The bill is an amendment to the Soldiers' and Sailors' Civil Relief Act of 1940, growing out of experience in the operation of that statute. The legislation provides in average cases for stays of court proceedings, foreclosures and evictions and for protection of private life insurance policies.

With respect to the insurance provision, the new legislation raises from $5,000 to $10,000 the amount of private insurance on which the Government will guarantee payment of premiums, with the insured to liquidate the unpaid premiums after his return to civilian life.

The amended bill it is understood gives men in the armed forces protection on any debts incurred prior to their induction into service, whereas, it is stated, under the old law this protection applied only to debts incurred prior to Oct. 17, 1940, and also covers endorsers and guarantors on debts of service men.

Final Congressional action on the legislation came on Sept. 28, when the House adopted a conference report, which the Senate had agreed to on Sept. 24. The House had originally passed the bill on June 18 and the Senate on July 30.

Cotton Consumption In September Higher

Under date of October 15, 1942 the Census Bureau at Washington issued its report showing cotton consumed in the United States, cotton on hand, and active cotton spindles for the month of September.

In the month of September, 1942, cotton consumed amounted to 966,149 bales of lint and 114,537 bales of linters, as compared with 925,089 bales of lint and 122,138 bales of linters in August, 1942 and 877,971 bales of lint and 129,608 bales of linters in September, 1941.

For the two months ending with September 30, cotton consumption was 1,891,238 bales of lint and 236,675 bales of linters, against 1,750,000 bales of lint and 260,573 bales of linters in the same two months a year ago.

There were 1,812,204 bales of lint and 337,317 bales of linters on hand in consuming establishments on Sept. 30, 1942, which compares with 1,635,413 bales of lint and 445,030 bales of linters on Sept. 30, 1941.

9,724,038 bales of lint and 71,123 bales of linters were on hand in public storage and at compresses on Sept. 30, 1942, and 11,526,209 bales of lint and 79,075 bales of linters on Sept. 30, 1941.

There were 22,956,224 cotton spindles active during September, 1942 which compares with 22,977,528 active cotton spindles during September, 1941.

War Industry Strikes In September

Man-days lost from war production by strikes in September were one-tenth of 1% of total man-days worked, the National War Labor Board announced on Oct. 19. The announcement also added:

The number of man-days lost rose from 266,353 in August to 318,892 in September. At the same time, the number of man-days worked rose from approximately 300,000,000 in August to 332,000,000 in September. The number of men involved rose from 79,414 to 80,799, while the number of strikes in progress during the month fell from 229 to 187.

The strike statistics were gathered by an interdepartmental committee on war strike statistics consisting of representatives of the War, Navy and Labor Departments, the War Production Board, the Maritime Commission, and the War Labor Board. The term "strike" is used to include all stoppages of work due to labor disputes whether strikes or lockouts.

The following table gives a detailed picture of the strike situation as it affected war production during September, compared with August of this year:

	Sept., 1942	Aug., 1942
Man-days lost	318,892	266,353
Man-days worked (estimated)	332,000,000	300,000,000
Percentage—Time lost to time worked	1/10 of 1%	9/100 of 1%
Number of strikes		
In progress in month	187	229
Beginning in month	156	195
Number of men involved—		
Strikes in progress	80,799	79,414
Strikes beginning	71,912	70,352

Lead Women's Safety Campaign

The National Council of Women of the United States has accepted an invitation by the National Safety Council to lead an intensive safety campaign among the women of the nation, it is announced by Ned H. Dearborn, Executive Vice-President of the Safety Council.

The women's safety drive will be part of the nationwide emergency safety campaign now being conducted by the National Safety Council at the direct request of President Roosevelt to stop accidents that are hindering the nation's war effort by wasting manpower, material and time vital to victory. The National Council of Women represents 20 national women's organizations with a combined membership of more than 5,000,000. An advisory committee of outstanding women leaders is being formed to direct the women's safety campaign. Its secretary will be Miss Elizabeth Hartung, of the National Safety Council staff. The women's campaign will have four specific aims, according to Mrs. Harold V. Milligan, President of the National Council of Women. They are:

1. To enlist housewives of the nation in a concerted effort to reduce home accidents through elimination of the simple factors which cause such accidents.

2. To bring about more active participation by women in community safety programs.

3. To show housewives how they can influence war workers in the household to be more safety conscious and to avoid accidents on and off the job—at work, on the highway, at home.

4. To help reach the vast army of women war workers and aid them in guarding against accidents.

Further Anti-Inflationary Measures Needed To Immobilize Purchasing Power

Anti-inflation measures "far beyond those already taken" are necessary to prevent explosive price rises which threaten this nation's economy for 1943, the annual conference of the National Tax Association was told on Oct. 22 at Cincinnati by Roy Blough, Director of Tax Research for the Treasury Department. The price rise threat stems, he said, from the prospect that consumer purchasing power after taxes in 1943 will exceed by more than $40,000,000,000 the sum total of consumer goods and services which will be available at present prices. Steps to withdraw and immobilize this excess purchasing power are required, Mr. Blough explained. Speaking on the subject, "Tax Policy and the Inflation Problem: The Treasury View," Mr. Blough said in part:

"The avoidance of inflation becomes a vital aim of wartime fiscal policy.

"The threat of inflation is not a bogey which has been conjured up for the purpose of scaring people. Prices have risen substantially in the past two years. . . . The situation for the future is more threatening.

"Income payments to individuals are currently running at the rate of about $115,000,000,000 a year, and at present prices may rise to a level of about $125,000,000,000 in 1943 if price and wage stabilization is successful. Federal, State and local taxes paid directly by individuals will take not more than $15,000,000,000 of this income, leaving individuals with $110,000,000,000 to spend or to save as they please.

"The flow of consumer goods and services, now running at the rate of about $80,000,000,000 a year, seems bound to fall in 1943 to a level, at present prices, of at most $70,000,000,000. This leaves the prospect in 1943 of more than $40,000,000,000 of income in excess of goods and services at present prices. If that $40,000,000,000 is spent, it will mean explosive price rises; to prevent such price rises, legal and illegal, the $40,000,000,000 must not be spent. The problem is accordingly to keep the $40,000,000,000 from being spent.

"To supplement and support voluntary saving, measures far beyond those already taken will be necessary to withdraw and immobilize purchasing power.

"Compulsory saving enforced by punishing people who save less than they are directed to would be a method of immobilizing purchasing power, though perhaps a harsh one. Expenditure rationing or limitation is in effect another approach to compulsory saving. Under expenditure rationing, the total amount which an individual could spend would be limited.

"The appropriate solution would appear to be a reduction in consumer purchasing power through taxation. This is reinforced by the fact that financing through borrowing postpones the final distribution of the financial burden among the various elements of the population.

"It may be possible to administer compulsory saving or expenditure rationing, or extensive rationing of goods, without serious evasions and creation of black markets. Taxes are a surer way, since when purchasing power is withdrawn at its source the pressure to evade disappears.

"Taxes have a further adantage in the post-war period. If vast sums are borrowed during the war from consumers, or if funds are immobilized in the hands of consumers, there may be a dangerous surge of purchasing power immediatly after the war.

"A tax measure that combines withdrawal of purchasing power with the immobilization of additional purchasing power is the spendings tax. . . . The taxpayer can spend if he is willing to pay the price, but he is strongly induced to postpone his spending until such time as goods once more become plentiful.

"Heavy reliance on direct taxes related to income for reaching small taxpayers requires a reappraisal of our collection methods. It comes imperative to collect as much as possible of our taxes at the source.

"Important steps have been taken to meet the inflation problem. A large revenue measure has just been passed. The power to stabilize prices and wages has been conferred upon the President and is being exercised. Some commodities are already being rationed and others will be rationed.

"Other controls such as those on credit have been placed in effect.

"But they are not enough. Measures are required further to cut by many billions the amount of funds entering into consumer demand.

"Inflation often looks easy and taxes look hard. But at the end, inflation is the hardest way and taxes the easiest."

The Business Man's Bookshelf

"The Tax Law of the State of New York"

The 1942 edition of "The Tax Law of the State of New York" has just been published by Commerce Clearing House, Inc., of Chicago and New York.

This book presents the complete text of the effective articles of Chapter 60 of the Consolidated Laws of New York as of July, 1942, together with Article 4, Secs. 130-139 of State Departments Law.

Prior effective articles, new amendments and changes are all woven together into one coordinated unit that shows just how the basic tax law of the State stands today.

A list of 1942 amendments, repeals or additions is a special helpful feature.

Authoritative—the material is reproduced from "N. Y. State—The Law," division of the CCH New York Tax Service.

The book comprises 348 pages, size 6x9 inches, and is priced at $2.00 per copy.

Rand McNally Bankers Directory Published

According to figures digested from The Final 1942 Edition of Rand McNally Bankers Directory (BLUE BOOK) just published, the 15,009 commercial banks of the United States are in a far sounder condition than they were at the comparable period of World War 1, and the consolidated statements for all American banks show six high points—several being all-time records.

Total banking resources of the country stand today at over $93,000,000,000—the highest in history. Deposits also are the highest on record ($83,861,110,000) and banks have never before held as large a total of Government bonds. Surplus is the highest since 1933, undivided profits and reserves are the highest in 10 years, while total invested funds have increased nearly $3,000,000,000 since December, 1941 (this gain being all in Governments, both "other securities" and "loans and discounts" having decreased during the same period.)

This new edition of the Blue Book, corrected to September, 1942, contains the latest, dated statement of every bank, broken down into 11 items—capital, surplus, undivided profits and/or reserves, deposits, other liabilities, cash, U. S. Government securities, other securities, loans and discounts, other resources, total resources and total liabilities — for easy reference and quick comparison. Each bank's personnel, directors and principal correspondents are listed, and FDIC memberships indicated. The location and personnel of all Government banking agencies are shown. Other regular features, upon which bankers have come to rely, include the officers of all bank associations, the nearest banking point to a non-bank town, a five-year list of discontinued bank titles, a selected list of investment dealers, and a list of commercial banks with total resources of $25,000,000 and over.

For the greater convenience of Directory users, the List of Bank Recommended Attorneys is bound separately, and a copy mailed to all subscribers of the Directory.

The Blue Book also gives official personnel and statements where available of Canadian and foreign banks and bankers. Particular attention has been given to the banking institutions of Central and South America.

The current edition contains 2,558 pages, including 73 Rand McNally maps. The price is $15.00 per copy, delivered.

"State Income Taxes"

"State Income Taxes," by Roy G. Blakey and Violet Johnson, has just been published by the Commerce Clearing House, Inc., of Chicago and New York.

This study, which has been revised to include 1941 legislation since it was first published in instalments in Taxes — The Tax Magazine, March-July, 1941, attempts to bring up to date the most important developments during the last 30 years and, particularly, during the last decade.

Answers to the following and other queries are to be found in this survey of the growth and trend in State taxation on income:

Does your State have the best income taxes it might have? Are they fair to individuals and business of the home State? Are they fair to individuals and corporations of other States doing business in the home State? Do these States get more or less revenue than they should from their taxes? Are the costs of administration out of line with costs in other States?

Unusually complete and informative, the text is divided into well-rounded discussions of Definition of Income; Rates and Exemptions; Special Tax Problems; Administration; Yields and Trends of Taxation, among others. Forty-three explanatory tables and graphic charts enrich and enliven the text.

The book contains 162 pages, 6x9 inches, and is priced at $3.00 per copy.

Farr & Co. Issues 1942 Sugar Manual

Farr & Co., 90 Wall Street, New York City, members of the New York Stock Exchange, have just issued the "1942 Manual of Sugar Companies," the 20th edition of this manual.

With a few exceptions, features of previous manuals have been continued this year in the new 190-page handbook. This includes fully revised full-page descriptions of important sugar producing and refining companies and the synopses of miscellaneous sugar companies. Information is also given of companies discontinued through organization, merger, liquidation, etc.

Among the special subjects treated in the new edition are United States Sugar Control, with outline of the Sugar Act of 1937 and Amended Acts, Sugar Quotas of 1941, Ceiling Prices and Rationing in 1942, etc.: historical and descriptive sketches of the beet sugar industry of the United States (with complete list of factories), and the cane sugar industries of Louisiana (also listing factories), Puerto Rico and the Dominion Republic, with complete lists of active sugar centrals showing ownership and four-year production records; sketch of the sugar industry of the British West Indies with factories listed; also a description of the Hawaiian sugar industry with tables of yields and comparative five-year statistics of leading companies. The tabulation of active Cuban sugar centrals shows individual production records for three years and original quotas for the 1941-42 crop, publication of the actual production for this year's crop now being prohibited by Cuban law.

As far as possible, the usual statistical tables are continued, covering production, yields, prices, consumption, etc.

Copies of the manual may be obtained from Farr & Co. The price is $1.00 per copy, postpaid.

"Dominion of Canada Income War Tax Act"

The 1942 edition of "Dominion of Canada Income War Tax" has just been published by Commerce Clearing House, Inc., Chicago and New York.

This book contains vitally important tax changes recently enacted by the Dominion Parliament. Included were amendments providing for substantially increased income and excess profits tax rates.

Broader taxes on non-residents, additional requirements as to withholding at the source, new requirements as to payments, and carryover of business losses for previous years were among the new developments in the 1942 tax program.

All pertinent laws, as amended, are reproduced in this new 1942 edition, together with carefully edited annotations that explain how, in terms of taxation periods past and present, the law applies Special tables show deductions at source to be made by all employers from salaries and wages. Indexed.

The book has 170 pages, size 6x9 inches, and is priced at $1.00 per copy.

'Alien Enemy' Label Lifted From Italians

Attorney General Francis Biddle announced on Oct. 12 that, beginning Oct. 19, the 600,000 Italian aliens in the United States will no longer be classed as alien enemies.

Speaking at a Columbus Day celebration in New York City, Mr. Biddle said that ten months of an unprecedented exercise of wartime vigilance has proved that, "with a very few exceptions, these 600,000 Italian 'alien enemies' were not enemies at all." He revealed that out of the total of 600,000 persons, there had been cause to intern only 228, or fewer than one-twentieth of 1%.

The Attorney General stated:

"The test of time, of actual performance, was essential. We wanted proof. We were right in requiring it. But now the proof has been given; and the stigma of 'alien enemy' would be unfortunate from now on, not only in name; if continued against the Italian population of this country, it would be unfortunate in deed."

Mr. Biddle explained that removing the label of alien enemy from Italians "does not mean that dangerous or disloyal persons are no longer subject to apprehension or internment. We still will take no chances."

He further stated: "It does mean that the regulations applying, up to now, to alien enemies no longer apply to Italian aliens. Those persons, though they are still aliens, are not, from this time forth, subject to the restrictions imposed by existing regulations on alien enemies. They will be free to travel and go about their lives as any other person.

"I wish to emphasize that in thus removing the label of alien enemy from Italians, we do not forget that there are other loyal persons now classed as alien enemies. Their situation is now being carefully and sympathetically studied by the Department of Justice."

Mr. Biddle also disclosed that he had recommended enactment of a bill now under consideration in Congress which would grant to an alien, otherwise eligible, citizenship without taking the literacy test—provided he is 50 years of age or older and provided that he came to this country before July 1, 1924, and has lived here continuously since.

"This measure would, I think," he added "remove the the greatest single difficulty that has stood in the way of citizenship for a large number of the older generations of Italians, who, in all other respects, have made this country their own," Mr. Biddle said. "Some 200,000 Italians would be affected by this new law."

Ass'n Of S. E. Firms Renames Governors

The nominating committee of the Association of Stock Exchange Firms has renominated the 13 Governors of the Association whose terms expire this year, proposed two members to fill vacancies in the Board, and has also nominated a successor nominating committee. The following slate has been distributed to members of the Association Oct. 21, and will be balloted upon at the annual election on Nov. 16:

For the Board of Governors, to Serve for Three Years: Frank E. Baker, Baker, Weeks & Harden, Philadelphia; Eugene Barry, Shields & Co., New York; Herbert F. Boynton, F. S. Moseley & Co., New York; Richard P. Dunn, Auchincloss, Parker & Redpath, Washington; William J. Fleming, A. E. Masten & Co., Pittsburgh; William B. Haffner, Wilcox & Co., New York; Ranald H. Macdonald, Dominick & Dominick, New York; Winthrop H. Smith, Merrill Lynch, Pierce, Fenner & Beane, New York.

To Serve for Two Years: Gilbert U. Burdett, Laidlaw & Co., New York.

To Serve for One Year: Sidney J. Adams, Paul Brown & Co., St. Louis; Albert P. Everts, Paine, Webber, Jackson & Curtis, Boston; George T. Purves, Graham, Parsons & Co., New York; Archie M. Reid, Carlisle & Jacquelin, New York; and to fill two vacancies:

To Serve for Three Years: John W. Watling, Watling, Lerchen & Co., Detroit, and John Witter, Dean Witter & Co., San Francisco.

Nominees for the New Nominating Committee: Charles W. Baker, Jr., Laird, Bissell & Meeds, Wilmington; Paul H. Davis, Paul H. Davis & Co., Chicago; Albert H. Gordon, Kidder, Peabody & Co., New York; Laurence M. Marks, Laurence M. Marks & Co., New York; Frank C. Trubee, Jr., Trubee, Collins & Co., Buffalo.

M. Donald Grant, of Fahnestock & Co., is Chairman of the present nominating committee. Other members are James M. Hutton, Jr., John C. Legg, Jr., and Joseph A. Rushton. In submitting its slate, the Committee stated:

"There were several reasons for renominating the present group of Governors, the most important of which was the splendid work they have done during the past year. Furthermore, since all of them had served only one year or less, the Committee felt that the Association could best be served by returning them to office, particularly in view of the fact that the Association has been in existence for only one year in its reorganized form."

Willkie Calls For New Fronts In Europe And Asia Urges Greater Aid To Allies & Defining War Aims

(Continued from page 1548)

dence in each other which we will need to win the peace.

"There will be lots of tough problems. And they will differ in different mandates, different colonies. Not all the peoples of the world are ready for freedom, or can defend it, the day after tomorrow. But today they all want some date to work toward, some guarantee that the date will be kept. For the future, they do not ask that we solve their problems for them. They are neither so foolish nor so faint-hearted. They ask only for the chance to solve their own problems with economic as well as political cooperation. For the peoples of the world intend to be free not only for their political satisfaction but, also, for their economic advancement.

"Now there are other holes that we are blindly punching in our reservoir of goodwill which can be more easily repaired. One of them is the half-ignorant, half-patronizing way in which we have grown accustomed to treat many of the peoples in Eastern Europe and Asia.

"The rulers of our allies and our potential allies are proud and intelligent men. The Shah of Iran, the Prime Minister of Iraq, the Prime Minister or the Foreign Minister of Turkey, the Generalissimo of China—to mention just a few—are men who understand the world and who have important ideas about the future. They are in substantial agreement, for example, as to the necessity of abolishing imperialism, of liberating the peoples of the world, of making freedom a reality, instead of just a nice word.

"They feel unanimously, I think, that the United States can, and must, make an enormous contribution to the new solutions. They are able and eager to work with representatives of the United States, and to begin now.

"But consider our policy. We have consistently failed to send to these men representatives with authority to discuss such problems intelligently and to take realistic steps toward their solution.

"One of our representatives to a great power, for example, although he has worked for more than 20 years in the country where he is stationed, has not troubled to learn the language of a proud and sensitive people to which he is accredited. On our special missions to Russia no one of Cabinet rank has been sent from this country to talk to Mr. Stalin. It was the British Prime Minister who primarily spoke for us on the last such mission. Between Cairo and Teheran live the Arab-speaking peoples, in half a dozen lands, with great traditions and great futures. Yet, when I was there, we had in all this area no Minister or Ambassador in residence.

"We must wipe out the distinction in our minds between 'first-class' and 'second-class' allies. We must send to represent us among all our allies really distinguished men who are important enough in their own right to dare tell our President the truth.

"There is one more leak in our reservoir of good-will which I must report to you. It can be plugged, I believe, by resolute and aggressive action by the people of democratic nations, and especially of the United States. This is the atrophy of intelligence which is produced by stupid, arbitrary or undemocratic censorship.

"It has been suggested much of late, for example, that private citizens, particularly those not expert in military affairs or those unconnected with government, should refrain from making suggestions about the conduct of the war—military, industrial, economic or political. It is said that we must remain silent and allow our leaders and the experts to solve these problems unmolested.

"This position threatens, I believe, to become a tight wall which will keep the truth out and lock misrepresentation and false security within. Now I have reported to you tonight that in many important respects we are not doing a good job; that we are on the road, perhaps, to winning the war, but that we run a heavy risk of spending far more in men and materials than we need to spend. This report is based on facts. Such facts should not be censored. They should be given to all of us. For unless we recognize and correct them, we may lose the friendship of half of our allies before the war is over and then lose the peace.

"It is plain that to win this war we must make it our war, the war of all of us. In order to do this we must all know as much about it as possible, subject only to the needs of military security. A misdirected censorship will not accomplish this.

"You all recall that France had a military leader by the name of Maginot. When a far-sighted citizen of France occasionally suggested that perhaps conditions of modern warfare were such that fortresses built underground would not be adequate against airplanes and tanks, he was reminded that he should leave such matters to the experts.

"The record of this war to date is not such as to inspire in us any sublime faith in the infallibility of our military and naval experts. Now let's have no more of this nonsense. Military experts, as well as our leaders, must be constantly exposed to democracy's greatest driving power—the whiplash of public opinion, developed from honest, free discussion. Men with great power usually like to live free of criticism. But when they get that way, that's the time to increase the criticism.

"For instance, it was public criticism of the constant failures in North Africa that brought about a change of command there. When I was in Egypt, that new command stopped Rommel. It has now begun aggressive fighting. I hope our aid to this action will be adequate and prompt, so that Britain and America will be able to eliminate Rommel, free North Africa from Axis domination and begin an assault on the soft spots of Southern Europe.

"I reiterate: We and our allies must establish a second fighting front in Europe. I also hope that shortly we can put the considerable force in India to aggressive use in an all-out attack on Burma, as General Wavell has urged. Thus we will relieve the pressure of our enemies on China and on Russia, those two superb fighting Allies.

"Now I have tried to outline to you the major conclusions of a trip around the world, in the middle of the war. I have told you of our greatest asset, our reservoir of good-will, and I have told you of the holes we have punched in that reservoir. I have told you of certain real accomplishments and I have also told you that in many respects we are not doing a good job. You may well ask—What does it all add up to? I will try to state it briefly.

"I believe that in a military sense we can win this war. I believe we have the resources, the manpower and the courage to do so. But a victory from a military standpoint, as such, will not be enough.

"Now, I have a son in the service, as so many of you have. And when I set this boy of mine against the background of what I have seen all over the world, I am absolutely positive that a military victory will not be enough. The total defeat of the Japanese war lords and the total crushing of the German army could not in themselves solve the problems of this great, tumultuous earth. We must fight our way through not alone to the destruction of our enemies but to a new world idea. We must win the peace.

"But to win that peace three things seem to me necessary—first, we must plan now for peace on a global basis; second, the world must be free, economically and politically, for nations and for men that peace may exist in it; third, America must play an active, a constructive part in freeing it and keeping its peace.

"When I say that peace must be planned on a global basis, I mean quite literally that it must embrace the earth. Continents and oceans are plainly only parts of a whole, seen, as I have just seen them, from the air. Russia and China, Egypt, Syria and Turkey, Iraq and Iran are also parts. And it is inescapable that there can be no peace for any part of the world unless the foundations of peace are made secure throughout all the parts of the world.

"When I say that in order to have peace this world must be free, I am only reporting that a great process has started which no man—certainly not Hitler—can stop. Men and women all over the world are on the march, physically, intellectually and spiritually. After centuries of ignorant and dull compliance hundreds of millions of people in Eastern Europe and Asia have opened the books. Old fears no longer frighten them. They are no longer willing to be Eastern slaves for Western profits. They are beginning to know that men's welfare throughout the world is interdependent. They are resolved, as we must be, that there is no more place for imperialism within their own society than in the society of nations. The big house on the hill surrounded by mud huts has lost is awesome charm.

"Our Western world and our presumed supremacy are now on trial. Our boasting and our big talk leave Asia cold. Men and women in Russia and China and in the Middle East are conscious now of their own potential strength. They are coming to know that many of the decisions about the future of the world lie in their hands. And they intend that these decisions shall leave the peoples of each nation free from foreign domination; free for economic, social and spiritual growth.

"Finally, when I say that this world demands the full participation of a self-confident America, I am only passing on an invitation which these people of the East have given us. They would like the United States to be one of their partners in this grand adventure. They want us to join them in creating a new society, global in scope, free alike of the economic injustices of the West and the political malpractices of the East. But as a partner in that great new combination they want us neither hesitant, incompetent nor afraid. They want a partner who will not hesitate to speak out for the correction of injustice anywhere in the world.

"Our Allies in the East know that we intend to pour out our resources in this war. But they expect us now—not after the war—to use the enormous power of our giving to promote liberty and justice. Other peoples, not yet fighting, are waiting no less eagerly for us to accept the most challenging opportunity of all history—the chance to help create a new society in which men and women the globe around can live and grow invigorated by freedom."

From Washington

(Continued from First Page)

A few years ago, I suggested to a group of New York industrialists that the Conservatives needed a good rabble rouser like Gerald L. K. Smith. The trouble with the Conservatives, I said, was that they are conservative in their speech just as they are in political philosophy. Consequently they had no chance with the radical demagogues.

Whether I had anything to do with what subsequently happened, I don't know, but presently Gerald L. K. Smith bobbed up in turbulent Michigan and began operating as the offset to the CIO. He joined the Republican Party and rapidly gave it that "vigor" which it so sadly lacks. He developed to be one of the most effective anti-New Deal mouthpieces in the country.

Gerald did so well, built up such a following that he never lacked for finances and there are pretty authenticated stories as to their source. When the primaries came along this year, Gerald decided he wanted to be the Republican Senatorial nominee. It almost frightened the Republicans to death. They liked the job he was doing on the New Deal, but to have him as their Senatorial standard bearer was just too much. They searched around and pressed Judge Homer Ferguson, Detroit's Tom Dewey, a very high calibred man, into the race. He had little or no trouble in defeating Gerald, and the Republicans thought that was that. But Gerald, now determined to make the Republicans "accept" him, take him into their homes, so to speak, is conducting a sticker campaign. He is levelling his constant barrage at Ferguson. He threatens the Judge's defeat. The same influences that launched him upon his Michigan career have tried unsuccessfully to get him out of the race. No luck.

Those purge boys who were going to read the pre-Pearl Harbor isolationists out of existence would undoubtedly be amazed at the campaign in Michigan. The term "isolationist" is never heard. Instead of there being any accusations against the isolationists, their opponents are afraid to even identify them because it would help, rather than hurt them. Particularly is this true in the race between Judge Ferguson and the New Deal incumbent, Prentiss M. Brown. Michigan is looked upon as a Republican State; it even went for Willkie. Brown's chance for reelection lies in his contention that he has not gone along with the New Deal, that he has at times asserted his independence. Many business men are accepting him on that score. The Judge's job is to tie him up with the New Deal. If he presses Brown to give instances of his independence, Brown very likely would cite the fact that he voted against the draft, or more to the point, that he voted against the extension of the draft. Yet he now wants to go back to Washington to see that Roosevelt doesn't suffer the fate of Woodrow Wilson in the peace making. He is on utterly untenable ground, of course, but Judge Ferguson can't very well develop this without emphasizing that Brown voted against the draft and its extension. This would help him. Funny thing about it, is that the Judge was a pre-Pearl Harbor internationalist. He was active in the Foreign Policy Association.

The isolationist issue has certainly taken a queer turn in Michigan.

Senator Millard Tydings of Maryland, after a thorough investigation, insists that if he were permitted to clean up Washington he could get an army of 15 divisions, 150,000 men, from the countless bureaus.

OPA Extending Rent Control To New Areas

The Office of Price Administration has extended its rent control program to 97 more defense-rental areas, affecting 20,000,000 persons, extending across the entire nation and including Alaska. The orders, effective Nov. 1, will bring under Federal control the residential rents in every large city except New York.

In 96 of the newly-affected areas, rents were ordered cut back to the levels which prevailed last March 1, and in the other one—Orlando, Fla., where a March 1 date would have put rents at the height of the winter tourist season—the maximum rent date was moved back to Oct. 1, 1941.

The latest action brings under the rent control program such cities as Los Angeles, Cincinnati, Boston, Syracuse, Minneapolis, St. Paul, Wilmington, Knoxville, Providence, Ft. Worth, Dallas, Houston, Baton Rouge, Toledo and Harrisburg.

With regard to New York City, Price Administrator Leon Henderson said:

"In the metropolitan area of New York there still exists a percentage of vacancies of residential dwelling units. However, that does not mean that the residents of the nation's largest city are not entitled to protection against increases which may take place or has taken place since March 1, 1942.

"A survey of rental conditions in the New York area is now under way. In addition, we are giving consideration to the development of administrative techniques which will extend the protection of rent regulation to New York, even though a substantial number of vacancies in the house market still prevail.

"Meantime, I call upon all landlords to comply with the provisions of the rent declaration and maintain or reduce rents at the March 1 level."

Mr. Henderson further said:

"Legal control of rents and complete stoppage of unwarranted evictions will be in effect for over half the nation's entire population by Nov. 1. This control in reality will be in effect for nearly all of America's urban population and contiguous rural communities within the area. And just as rapidly as we can, and as funds are made available to the program, we will continue to extend rent control throughout the country."

The OPA issued a blanket order on Oct. 5 designating the entire nation as a defense-rental area in accordance with President Roosevelt's anti-inflation program (reported in these columns Oct. 15, page 1359). Nationwide rent control under the Price Control Bill becomes effective 60 days after issuance of the order, or Dec. 5.

Independent Labor Group Organized

The Confederated Unions of America, national labor organization composed of independent unions, was recently formed at a convention in Chicago. The new federation is said to oppose certain policies of the Congress of Industrial Organization and the American Federation of Labor.

According to Chicago advices Oct. 3 to the New York "Herald Tribune," announcement was made by Matthew Smith, of Detroit, Secretary of the Mechanics Education Society of America, that the Brotherhood of Welders, Cutters and Helpers, an independent union claiming 28,000 members, has become an affiliate of the new organization. The welders sent representatives to the Oct. 2 preliminary session as observers, but these became delegates Oct. 3.

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following tables:

MOODY'S BOND PRICES†
(Based on Average Yields)

1942— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
Oct. 27	117.38	107.44	117.00	114.08	108.52	92.50	97.31	111.81	114.27
26	117.38	107.44	117.00	114.08	108.52	92.64	97.31	111.81	114.27
24	117.38	107.44	117.00	114.08	108.70	92.64	97.47	111.81	114.46
23	117.38	107.44	117.00	114.08	108.70	92.50	97.31	111.81	114.27
22	117.40	107.44	117.00	114.08	108.70	92.64	97.31	111.81	114.46
21	117.40	107.44	117.00	114.08	108.70	92.64	97.31	111.81	114.46
20	117.40	107.44	117.00	114.08	108.70	92.50	97.31	111.81	114.46
19	117.38	107.44	117.00	114.08	108.70	92.50	97.31	111.81	114.46
17	117.37	107.44	117.00	114.08	108.70	92.50	97.31	111.81	114.46
16	117.37	107.44	117.00	114.08	108.70	92.50	97.31	111.81	114.46
15	117.37	107.44	117.00	114.08	108.70	92.50	97.31	111.81	114.46
14	117.37	107.62	117.00	114.08	108.70	92.64	97.47	111.81	114.46
13	117.37	107.62	117.00	114.08	108.70	92.64	97.47	111.81	114.46
12	Exchange Closed								
10	117.36	107.62	117.20	114.08	108.70	92.64	97.47	111.81	114.46
9	117.38	107.44	117.20	114.08	108.70	92.50	97.31	111.81	114.46
8	117.38	107.44	117.20	114.08	108.70	92.50	97.31	111.81	114.46
7	117.33	107.44	117.20	114.08	108.70	92.35	97.31	111.81	114.46
6	117.30	107.44	117.00	114.08	108.70	92.35	97.31	111.81	114.27
5	117.40	107.27	117.00	113.89	108.70	92.20	97.16	111.62	114.27
3	117.39	107.27	117.00	113.89	108.52	92.35	97.16	111.62	114.27
2	117.39	107.27	117.00	113.89	108.52	92.35	97.16	111.81	114.27
1	117.36	107.27	117.00	113.89	108.52	92.35	97.16	111.62	114.27
Sep 25	117.51	107.27	117.00	113.89	108.70	92.06	97.00	111.62	114.08
18	117.62	107.27	117.00	113.70	108.52	92.06	96.85	111.81	114.08
11	117.75	107.09	116.80	113.50	108.34	92.06	96.69	111.81	113.89
4	117.80	107.09	117.00	113.31	108.34	92.06	96.54	111.62	114.08
Aug. 28	117.85	106.92	116.80	113.31	108.16	92.06	96.54	111.62	114.08
21	117.93	106.92	116.80	113.31	108.16	92.06	96.38	111.44	114.08
14	117.92	106.92	116.80	113.31	108.16	91.91	96.23	111.44	114.08
7	117.97	106.92	116.61	113.12	108.16	91.91	96.23	111.44	114.27
July 31	118.11	106.92	116.41	113.50	108.16	91.77	96.07	111.44	114.27
24	118.22	106.74	116.61	113.31	107.98	91.77	95.92	111.62	114.08
17	118.22	106.74	116.41	113.12	107.98	91.62	95.77	111.44	114.27
10	118.26	106.74	116.41	113.31	107.80	91.62	95.77	111.25	114.08
3	118.09	106.56	116.22	113.12	107.98	91.34	95.77	111.25	113.89
June 26	118.14	106.39	116.22	112.93	107.80	91.05	95.47	110.88	113.89
May 29	118.35	106.39	116.02	112.93	107.44	91.77	96.07	110.70	113.70
Apr. 24	117.80	106.74	116.22	113.12	107.62	92.06	96.69	110.70	113.70
Mar. 27	118.20	106.74	116.22	113.50	107.62	91.91	97.00	110.34	113.50
Feb. 27	116.34	106.39	115.63	113.31	107.62	91.62	96.85	110.15	113.31
Jan. 30	117.08	106.92	116.22	113.70	107.80	92.06	97.31	110.52	113.70
High 1942	118.41	107.62	117.20	114.08	108.70	92.64	97.47	111.81	114.46
Low 1942	115.90	106.04	115.43	112.75	107.09	90.63	95.32	109.60	112.75
High 1941	120.05	108.52	118.60	116.02	109.60	92.50	97.78	112.56	116.41
Low 1941	115.89	105.52	116.22	112.00	106.04	89.23	95.62	109.42	111.62
1 Year ago									
Oct. 27, 1941	119.92	108.16	118.40	115.82	109.42	91.91	97.31	112.19	116.02
2 Years ago									
Oct. 26, 1940	116.92	105.00	117.40	113.12	104.83	88.27	94.12	109.79	112.37

MOODY'S BOND YIELD AVERAGES†
(Based on Individual Closing Prices)

1942— Daily Averages	U. S. Govt. Bonds	Avge. Corporate	Corporate by Ratings Aaa	Aa	A	Baa	Corporate by Groups R. R.	P. U.	Indus.
Oct. 27	2.05	3.31	2.80	2.95	3.25	4.24	3.92	3.07	2.94
26	2.05	3.31	2.80	2.95	3.25	4.23	3.92	3.07	2.94
24	2.05	3.31	2.80	2.95	3.24	4.23	3.91	3.07	2.93
23	2.05	3.31	2.80	2.95	3.24	4.24	3.92	3.07	2.94
22	2.05	3.31	2.80	2.95	3.24	4.23	3.92	3.07	2.93
21	2.05	3.31	2.80	2.95	3.24	4.23	3.92	3.07	2.93
20	2.05	3.31	2.80	2.95	3.24	4.24	3.92	3.07	2.93
19	2.05	3.31	2.80	2.95	3.24	4.24	3.92	3.07	2.93
17	2.05	3.31	2.80	2.95	3.24	4.24	3.92	3.07	2.93
16	2.05	3.31	2.80	2.95	3.24	4.24	3.92	3.07	2.93
15	2.05	3.31	2.80	2.95	3.24	4.24	3.92	3.07	2.93
14	2.05	3.30	2.80	2.95	3.24	4.23	3.91	3.07	2.93
13	2.05	3.30	2.80	2.95	3.24	4.23	3.91	3.07	2.93
12	Exchange Closed								
10	2.05	3.30	2.79	2.95	3.24	4.23	3.91	3.07	2.93
9	2.05	3.31	2.79	2.95	3.24	4.24	3.92	3.07	2.93
8	2.05	3.31	2.79	2.95	3.24	4.24	3.92	3.07	2.93
7	2.06	3.31	2.79	2.95	3.24	4.25	3.92	3.07	2.93
6	2.06	3.31	2.80	2.95	3.24	4.25	3.92	3.07	2.94
5	2.05	3.32	2.80	2.96	3.24	4.26	3.93	3.08	2.94
3	2.05	3.32	2.80	2.96	3.25	4.25	3.93	3.08	2.94
2	2.05	3.32	2.80	2.96	3.25	4.25	3.93	3.07	2.94
1	2.05	3.32	2.80	2.96	3.25	4.25	3.93	3.08	2.94
Sep 25	2.04	3.32	2.80	2.96	3.24	4.27	3.94	3.08	2.95
18	2.03	3.32	2.80	2.97	3.25	4.27	3.95	3.07	2.95
11	2.03	3.33	2.81	2.98	3.26	4.27	3.96	3.07	2.96
4	2.03	3.33	2.80	2.99	3.26	4.27	3.97	3.08	2.95
Aug 28	2.03	3.34	2.81	2.99	3.27	4.27	3.97	3.08	2.95
21	2.02	3.34	2.81	2.99	3.27	4.27	3.98	3.09	2.95
14	2.02	3.34	2.81	2.99	3.27	4.28	3.99	3.09	2.95
7	2.02	3.34	2.82	3.00	3.27	4.28	3.99	3.09	2.94
July 31	2.01	3.34	2.83	2.98	3.27	4.29	4.00	3.09	2.94
24	2.00	3.35	2.82	2.99	3.28	4.29	4.01	3.08	2.95
17	1.99	3.35	2.83	3.00	3.28	4.30	4.02	3.09	2.94
10	1.98	3.35	2.83	2.99	3.29	4.30	4.02	3.10	2.95
3	1.98	3.36	2.84	3.00	3.28	4.32	4.02	3.10	2.96
June 26	1.96	3.37	2.84	3.01	3.29	4.34	4.04	3.12	2.96
May 29	1.95	3.37	2.85	3.01	3.31	4.29	4.00	3.13	2.97
Apr. 24	1.99	3.35	2.84	3.00	3.30	4.27	3.96	3.13	2.97
Mar 27	1.96	3.35	2.84	2.98	3.30	4.28	3.94	3.15	2.98
Feb 27	2.11	3.37	2.87	2.99	3.30	4.30	3.95	3.16	2.99
Jan. 30	2.05	3.34	2.84	2.97	3.29	4.27	3.92	3.14	2.97
High 1942	2.14	3.39	2.88	3.02	3.33	4.37	4.05	3.19	3.02
Low 1942	1.93	3.30	2.79	2.95	3.24	4.23	3.91	3.07	2.93
High 1941	2.13	3.42	2.86	3.06	3.39	4.47	4.03	3.20	3.08
Low 1941	1.84	3.25	2.72	2.85	3.19	4.24	3.89	3.03	2.83
1 Year ago									
Oct. 27, 1941	1.85	3.27	2.73	2.86	3.20	4.28	3.92	3.05	2.85
2 Years ago									
Oct. 26, 1940	2.10	3.45	2.78	3.00	3.46	4.54	4.13	3.18	3.04

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Sept. 17, 1942, page 995.

Electric Output For Week Ended Oct. 24, 1942 Shows 12.3% Gain Over Same Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Oct. 24, 1942, was 3,752,571,000 kwh., which compares with 3,340,768,000 kwh. in the corresponding week last year, an increase of 12.3%. The output for the week ended Oct. 17, 1942, was 12.2% in excess of the similar period in 1941.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Major Geographical Divisions—	Week Ended— Oct. 24	Oct. 17	Oct. 10	Oct. 3
New England	4.1	5.5	1.0	1.4
Middle Atlantic	5.6	6.2	2.1	4.2
Central Industrial	7.9	8.2	6.2	6.3
West Central	10.6	10.9	10.8	10.2
Southern States	17.6	17.6	15.6	15.3
Rocky Mountain	13.1	8.9	8.4	9.0
Pacific Coast	30.7	28.1	30.8	29.1
Total United States	12.3	12.2	10.3	10.6

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1942	1941	% Change 1942 over 1941	1940	1932	1929
July 4	3,424,188	2,903,727	+17.9	2,425,229	1,341,730	1,592,075
July 11	3,428,918	3,178,054	+ 7.9	2,651,626	1,415,704	1,711,625
July 18	3,565,367	3,199,105	+11.4	2,681,071	1,433,993	1,727,225
July 25	3,625,645	3,220,526	+12.6	2,760,935	1,440,386	1,723,031
Aug 1	3,649,146	3,263,082	+11.8	2,762,240	1,426,986	1,724,728
Aug 8	3,637,070	3,233,242	+12.5	2,743,284	1,415,122	1,729,667
Aug 15	3,654,795	3,238,160	+12.9	2,745,697	1,431,910	1,733,110
Aug 22	3,673,717	3,230,750	+13.7	2,714,193	1,436,440	1,750,056
Aug 29	3,639,961	3,261,149	+11.6	2,736,224	1,464,700	1,761,594
Sep 5	3,672,921	3,132,954	+12.4	2,591,957	1,423,977	1,674,588
Sep 12	3,583,408	3,222,346		2,773,177	1,476,442	1,806,259
Sep 19	3,756,922	3,273,375	+14.8	2,769,346	1,490,863	1,792,131
Sep 26	3,720,254	3,273,376	+13.7	2,816,358	1,499,459	1,777,854
Oct 3	3,682,794	3,330,582	+10.6	2,792,067	1,506,219	1,819,276
Oct 10	3,702,299	3,355,440	+10.3	2,817,465	1,507,503	1,806,403
Oct 17	3,717,360	3,313,596	+12.2	2,837,730	1,528,145	1,798,633
Oct 24	3,752,571	3,340,768	+12.3	2,866,827	1,533,028	1,824,160

Steel Operations Again Top Record— Quota Restrictions Cause Cancellations

Evidence that United States railroads will need more equipment to handle war traffic in the first quarter of 1943 is developing in some of the big war production centers, according to "The Iron Age" in its issue of today (Oct. 29). "For the first ten months of 1942 the railroads, helped by shippers, have maintained a fast pace although they were selected by some authorities early in the war as an industry which would fall down on the job and hamper the war effort," continues "The Iron Age," which further says in part:

"Whether the carriers can continue to handle the tremendous movement of war goods without faltering in the early part of next year seems to depend on the promptness with which they are given additional locomotives, cars and rails (U. S. railroads have asked for 9,000 more locomotives and 80,000 cars for 1943).

"Industry generally has helped the railroads in taking steps to get maximum use out of existing equipment. Steel manufacturers have been leaders in speeding unloading of cars, with some companies operating under a system under which any car held more than 48 hours starts an investigation. ODT's recent order requiring cars to be loaded to their marked capacity may not produce the excess cars expected because many shippers in the metal industries have been loading to capacity for months. Since heavier loading will hasten breakdowns, more materials will be needed for repairs.

"When materials such as steel have been distributed to vital industries, the carriers have come off none too well. A point has now been reached where any substantial increase in freight movement will turn the rail transportation into one of the war's most difficult problems.

"Final results of 'The Iron Age' Manpower Survey of 500 metalworking plants of varied sizes and locations show that the draft is making sharp inroads on factory forces, both skilled and unskilled.

"Material shortages are holding up completion of some of the major Defense Plant Corp. projects. In some cases, contractors are no longer able to adhere to completion dates. On one large blast furnace construction job, the contractor is seriously considering calling back all his field force. since some of the vitally-needed materials will not be delivered until 1943. DPC orders are being pushed back on mill schedules by higher rated Army, Navy, and Maritime Commission orders."

The American Iron and Steel Institute on Oct. 26 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 91% of the steel capacity of the industry will be 101.1% of capacity for the week beginning Oct. 26, compared with 101.0% one week ago, 97.3% one month ago and 99.9% one year ago. This represents an increas of 0.1 point or 0.1% from the preceding week, and boosts steel output to a new peak. The operating rate for the week beginning Oct. 26 is equivalent to 1,729,500 tons of steel ingots and castings, compared to 1,727,800 tons one week ago, 1,664,500 tons one month ago, and 1,650,500 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on Oct. 26 stated:

"Steel consumers are given no assurance by mills that delivery will be made during fourth quarter against orders with low ratings, assigned on Production Requirements Plan certificates.

"In some sizes of various products, it is pointed out, fourth quarter capacity already is absorbed by directives and further orders have no chance of being filled. In bars, depending on the size involved. definite delivery promise is unlikely on lower than AA-2 priority. While WPB has attempted to balance quantities PRP customers are allowed to buy with available supplies, difficulties appear from the fact that demand for some sizes exceeds quantities that can be produced.

"Substantial cancellations are developing because of restrictions in quotas of many consumers operating under PRP. Since certificates began appearing about two weeks ago cancellations have been increasing, some consumers, even with high ratings, finding difficulty in continuing operation unless adjustments are made. In some cases contracts in process for Government armed forces have been pared under PRP, pressure by the government agency being nullified by WPB disallowing the tonnage. Where orders have been on mill books for some time producers are disposed to advise customers not to cancel, on the chance an adjustment may allow the original ratings to be reinstated.

"Pressure for steel bars, carbon, alloy and cold-finished, has increased to the point that deliveries are delayed eight to 10 weeks, even on AA ratings. As a result directives and allocations are on the increase where early delivery is essential. Fourth quarter PRP requirements have not been reduced materially, much tonnage moving against contracts on definite specified releases each month, most reduction being on new business.

"Mill sales of steel sheets are limited by restrictions on semifinished steel and sheet metal fabricators are not employed fully on war work, though the number having subcontracts is increasing.

"Improvement is appearing in steel supply to warehouses as a result of the new directive plan which allows orders to be placed on the basis of current needs rather than on a quota basis related to prior tonnage. War conditions have changed type of products most in demand, rendering the quota system archaic. Proposal by War Production Board to establish five sales regions, to conserve transportation, is of much interest to the trade as it promises to disrupt many long-established trade relationships.

"Results of the nation-wide scrap salvage drive have exceeded expectations in many districts, tonnage dragged from hiding places totaling high. Further campaigns to obtain industrial scrap are under way, salesmen from warehouses and other branches of the steel industry canvassing plants for obsolete machinery or other steel material not in use.

"Preparation for winter supply of iron ore is going forward and as of Oct. 1 stocks at blast furnaces in the United States totaled 41,173,849 gross tons, compared with 34,841,774 tons a year ago. Ore on Lake Erie docks at the beginning of the month was 5,873,741 tons, against 4,663,629 tons a year earlier. Two additional blast furnaces were blowing Oct. 1, a total of 172, with eight idle stacks, some of which have been relighted since the first of this month."

Panamanian Penal Mission Visits Wash.

A special mission from Panama, composed of leading authorities in the fields of penal correction, child welfare and psychiatry, recently was received at the Pan American Union in Washington by Dr. L. S. Rowe, Director General of the Union. The mission, first social welfare group from Panama ever to come to the United States, is studying the latest penal and correctional methods practiced in this country. The personnel of the mission is made up of the chiefs and assistant chiefs of three newly established governmental agencies, the Department of Correction, the Child Welfare Bureau, and a Psychiatric Clinic. Organization of these agencies resulted from a survey, which revealed that great improvement was necessary to adequately handle problems peculiar to Panama, situated at the crossroads of the world.

Moody's Daily Commodity Index

Tuesday, Oct. 20	234.1
Wednesday, Oct. 21	233.7
Thursday, Oct. 22	234.1
Friday, Oct. 23	232.6
Saturday, Oct. 24	232.4
Monday, Oct. 26	233.2
Tuesday, Oct. 27	232.7
Two weeks ago, Oct. 13	233.3
Month ago, Sept. 26	235.1
Year ago, Oct. 27	208.0
1941 High, Sept. 9	219.9
Low, Feb. 17	171.6
1942 High, Oct. 3	[illegible]
Low, Jan. 2	220.0

Federal Reserve September Business Indexes

The Board of Governors of the Federal Reserve System issued on Oct. 23 its monthly indexes of industrial production, factory employment and payrolls, etc. At the same time the Board made available its customary summary of business conditions. The indexes for September, together with comparisons for a month and a year ago, are as follows:

BUSINESS INDEXES

1935-39 average = 100 for industrial production and freight-car loadings; 1923-25 average = 100 for all other series

	Adjusted for —Seasonal Variation— Sept. 1942	Aug. 1942	Sept. 1941	Without —Seasonal Adjustment— Sept. 1942	Aug. 1942	Sept. 1941
Industrial production—						
Total	†185	183	161	†191	187	167
Manufactures—						
Total	†195	192	‡166	†201	196	172
Durable	†263	257	‡202	†265	260	‡205
Nondurable	†140	140	137	†149	144	145
Minerals	†130	133	131	†137	136	138
Construction contracts, value—						
Total	†172	182	161	†173	194	162
Residential	†65	65	105	†65	64	105
All other	†259	278	206	†262	300	208
Factory employment—						
Total	*	145.0	132.3	*	145.9	135.2
Durable goods	*	165.7	141.3	*	165.4	142.1
Nondurable goods	*	125.2	123.8	*	127.2	128.7
Factory payrolls—						
Total	---	---	---	*	214.7	162.6
Durable goods	---	---	---	*	266.7	183.3
Nondurable goods	---	---	---	*	156.6	139.5
Freight-car loadings	136	143	130	152	144	145
Department store sales, value	123	130	116	133	103	125
Department store stocks, value	*	†135	92	*	†130	95

†Preliminary or estimated. ‡Revised. *Data not yet available.

Note—Production, carloadings, and department store sales indexes based on daily averages. To convert durable manufactures, non-durable manufactures and minerals indexes to points in total index, shown in Federal Reserve Chart Book, multiply durable by .379, non-durable by .469, and minerals by .152.

Construction contract indexes based on three-month moving averages, centered at second month, of F. W. Dodge data for 37 Eastern States. To convert indexes to value figures, shown in the Federal Reserve Chart Book, multiply total by $410,269,000, residential by $184,137,000, and all other by $226,132,000.

Employment index, without seasonal adjustment, and payrolls index compiled by Bureau of Labor Statistics.

INDUSTRIAL PRODUCTION
(1935-39 average = 100)

	Adjusted for —Seasonal Variation— Sept. 1942	Aug. 1942	Sept. 1941	Without —Seasonal Adjustment— Sept. 1942	Aug. 1942	Sept. 1941
Manufactures—						
Steel	219	‡218	‡200	219	‡218	‡200
§Open hearth and Bessemer	179	‡177	‡174	179	‡177	‡174
§Electric	503	‡507	‡388	503	‡507	‡388
Machinery	†305	299	228	†305	299	228
Transportation equipment	†481	460	245	†481	460	245
Non-ferrous metals & products	†190	189	192	†190	189	191
Lumber and products	†123	127	136	†135	138	148
Lumber	†119	125	129	†133	139	144
Furniture	†132	132	149	†138	136	156
Stone, clay, & glass products	*	139	157	*	160	175
Cement	167	160	154	200	195	184
Polished plate glass	38	36	120	38	30	120
Textiles and products	†155	153	151	†155	153	151
Cotton consumption	172	169	‡157	172	169	‡157
Rayon deliveries	169	168	168	169	168	168
Wool textiles	*	153	169	*	153	169
Leather products	†105	108	120	†112	114	129
Tanning	*	115	125	*	112	124
Cattle hide leathers	*	139	136	*	132	135
Calf and kip leathers	*	95	101	*	99	99
Goat and kid leathers	*	71	115	*	69	116
Shoes	†99	103	118	†111	116	132
Manufactured food products	†148	144	130	†180	166	159
Wheat flour	101	105	99	116	106	114
Meat packing	†165	153	126	†153	132	119
Other manufactured foods	†151	146	132	†195	173	170
Tobacco products	133	130	121	144	135	132
Cigars	107	112	104	123	115	120
Cigarettes	159	152	137	170	160	146
Manufactured tobacco & snuff	91	88	99	98	89	107
Paper and products	*	131	144	*	130	149
Paperboard	123	121	158	131	123	167
Newsprint production	106	108	107	106	105	107
Printing and publishing	†107	110	125	†107	102	125
Newsprint consumption	101	108	105	102	95	106
Petroleum and coal products	*	120	132	*	121	134
Petroleum refining	*	113	128	*	114	131
Gasoline	†106	106	130	†109	109	134
Fuel oil	*	133	124	*	130	125
Lubricating oil	*	117	130	*	116	130
Kerosene	*	106	119	*	101	117
Coke	165	165	153	165	165	153
Byproduct	156	155	145	156	155	145
Beehive	497	504	449	497	504	449
Chemicals	†172	173	146	†174	170	148
Minerals—						
Fuels	†127	129	129	†128	126	130
Bituminous coal	†144	152	141	†150	140	146
Anthracite	†134	160	132	†129	118	127
Crude petroleum	†119	118	124	†119	121	124
Metals	†153	153	145	†189	195	182
Iron ore	240	240	192	357	387	311

FREIGHT-CAR LOADINGS
(1935-39 average = 100)

Coal	135	154	133	142	136	140
Coke	188	208	176	184	175	172
Grain	126	106	111	139	129	122
Livestock	102	106	84	135	100	111
Forest products	154	165	‡140	167	173	‡151
Ore	174	176	149	304	308	261
Miscellaneous	146	152	135	162	152	150
Merchandise, l.c.l.	55	57	97	57	57	102

*Data not yet available. †Preliminary or estimated. ‡Revised.

§In computing daily average output for these series the use of all holiday allowances has been discontinued beginning with September, 1941, and the bases for the indexes changed accordingly. Revised figures for 1941 and 1942 will be published in the November issue of the Federal Reserve Bulletin.

Note—To convert coal and miscellaneous indexes to points in total index, shown in the Federal Reserve Chart Book, multiply coal by .213 and miscellaneous by .548.

Engineering Construction $87,995,000 For Week Tops Year Ago By 25%

Engineering construction volume for the week totals $87,995,000, an increase of 25% over the volume for the corresponding week last year, but 44% lower than the total for the preceding week as reported by "Engineering News-Record" on Oct. 22. Federal work, accounting for 91% of the current week's volume, is 138% above the 1941-week total, but is 44% lower than a week ago. It is responsible for the 54% gain in public construction as compared with last year, and is the principal reason for the 45% drop in public work as compared with last week. Private construction is 72 and 11% lower, respectively, than in the 1941 week, and in the preceding week. The report also said:

The current week's construction brings 1942 volume to $8,221,303,000, an increase of 60% over the 43-week period in 1941. Private work, $504,294,000, declines 51% from last year, but public work, $7,717,009,000, is 87% higher than a year ago as a result of the 136% gain in Federal work.

Construction volumes for the 1941 week, last week, and the current week are:

	Oct. 23, '41	Oct. 15, '42	Oct. 22, '42
Total Construction	$70,326,000	$157,526,000	$87,995,000
Private Construction	15,931,000	4,963,000	4,425,000
Public Construction	54,395,000	152,563,000	83,570,000
State and Municipal	20,730,000	8,727,000	3,335,000
Federal	33,665,000	143,836,000	80,235,000

In the classified construction groups, gains over the 1941 week are in waterworks, sewerage, public buildings, and unclassified construction. Increases over last week are in waterworks, sewerage, bridges, industrial buildings, and earthwork and drainage. Subtotals for the week in each class of construction are: waterworks, $2,472,000; sewerage, $2,675,000; bridges, $719,000; industrial buildings, $1,646,000; commercial buildings, $2,779,000; public buildings, $54,437,000; earthwork and drainage, $3,411,000; streets and roads, $7,367,000; and unclassified construction, $12,489,000.

New capital for construction purposes for the week totals $21,178,000, an increase of 1% over the volume for the week last year. The week's new financing volume is made up of $20,178,000 in State and municipal bond sales, and $1,000,000 in RFC loans for public construction.

New construction financing for the year to date, $9,554,598,000, is 61% above the $5,930,530,000 reported for the 43-week period in 1941.

Cotton Ginned From Crop Of '42 Prior to Oct. 18

The Census report issued on Oct. 26, compiled from the individual returns of the ginners is shown below:

Number of bales of cotton ginned from the growth of 1942 prior to Oct. 18, 1942, and comparative statistics to the corresponding date in 1941 and 1940 (running bales, counting round as half bales and excluding linters):

State—	1942	1941	1940
United States	*8,183,839	*6,857,017	*7,027,189
Alabama	727,057	668,877	449,650
Arizona	28,259	54,944	48,735
Arkansas	964,274	1,026,405	691,812
California	32,982	66,022	212,452
Florida	13,724	13,770	16,479
Georgia	685,586	532,039	728,511
Illinois	2,579	3,983	1,096
Kentucky	10,018	12,344	3,584
Louisiana	495,786	277,594	343,610
Mississippi	1,457,609	1,197,129	667,063
Missouri	289,069	357,076	150,916
New Mexico	24,585	17,798	30,208
North Carolina	396,857	397,231	399,799
Oklahoma	332,768	231,564	308,538
South Carolina	524,021	324,839	675,045
Tennessee	387,621	452,062	147,957
Texas	1,799,989	1,211,778	2,144,454
Virginia	11,055	11,562	7,280

*Includes 48,626 bales of the crop of 1942 ginned prior to Aug. 1 which was counted in the supply for the season of 1941-42, compared with 1,969 and 32,187 bales of the crops of 1941 and 1940.

The statistics in this report include no round bales for 1942; 528 for 1941 and 2,693 for 1940. Included in the above are 10,008 bales of American-Egyptian for 1942; 11,402 for 1941 and 9,598 for 1940: also 385 bales Sea-Island for 1942; 2,094 for 1941 and 2,339 for 1940.

The statistics for 1942 in this report are subject to revision when checked against the individual returns of the ginners being transmitted by mail. The revised total of cotton ginned this season prior to Oct. 1 is 5,010,366 bales.

Consumption, Stocks, Imports, and Exports—United States

Cotton consumed during the month of September, 1942, amounted to 966,149 bales. Cotton on hand in consuming establishments on Sept. 30, was 1,812,204 bales, and in public storage and at compresses 9,724,038 bales. The number of active consuming cotton spindles for the month was 22,956,224.

In the interest of national defense, the Department of Commerce has discontinued until further notice the publication of statistics concerning imports and exports.

World Statistics

Because of war conditions and the difficulties in obtaining dependable world statistics such data are being omitted from this report for the time being.

L. C. L. Averaged Over 9.6 Tons In August

With the August loadings of less-than-carload freight on the nation's major railroads passing 9.6 tons per car, the carriers edged nearer the ten-ton load minimum established on Sept. 1 by General Order ODT No. 1, the Office of Defense Transportation announced Oct. 21. The 115 Class I roads reporting under the order's provisions, showed an increase of 265,680,000 pounds of merchandise freight handled in August as compared to July. This increase required a total of 398,792 cars, or 9,300 cars more than were used in July. The announcement further went on to say:

The August loading increased, however, to an average of 19,206 pounds per car as compared with July's 18,983 pounds. A year ago, l-c-l loadings averaged about five tons per car.

General Order No. 1, designed to reduce the number of cars used in l-c-l freight, and make these cars available for other tonnage, became effective May 1, with a six-ton load minimum which was stepped up to eight tons July 1, and to ten tons on Sept. 1.

The short line railroads and switching and terminal companies showed an increase of 601,000 pounds of l-c-l freight handled as compared with July, but used 62 cars less than in July with an increase in the average load per car from 15,253 pounds in July, to 15,411 pounds in August.

Twenty-six Class 1 and short line carriers reported having reached a minimum of 20,000 pounds per car or more during August. In July, 24 Class 1 roads and 23 short lines had reached this figure.

Sixteen freight forwarding companies reported an increase of 8,722,000 pounds of merchandise handled in August as compared with July. The forwarders used 10,749 for this tonnage, or 218 more cars than July loadings required, and increased the load per car from the July average of 36,874 pounds to 36,938 pounds in August.

(See also the Oct. 15th issue of "The Commercial and Financial Chronicle," page 1361—Ed.)

Territories Escape Order

Railways operating in Hawaii, Alaska, and the Canal Zone were on Oct. 15 exempted from the requirements of General Order No. 1, which provides that a minimum load of 10 tons must be carried in all closed cars handling l-c-l freight. The exemption is contained in Suspension Order ODT 1-1, issued by Joseph B. Eastman, Director of the ODT.

To Halt Evictions And Unwarranted House Sales

Price Administrator Leon Henderson issued on Oct. 19 regulations designed to halt overnight eviction of tenants and the sale of houses to evade rent control. Effective Oct. 20, the following two requirements must be met before a purchaser can obtain the right to occupy the property:

(1) Payment of one-third of the purchase price must be made (not including borrowed funds) before a certificate authorizing eviction will be issued by an area rent director.

(2) Three months must pass after the issuance of the certificate before the present tenant can be forced to vacate.

The restrictions apply now to the 190 existing rent control areas and will affect 97 additional areas on Nov. 1, where rent control starts then. The eviction rules may be extended to the entire country Dec. 5.

Associated Press Washington advices said:

"Necessity for this action has been growing daily," Price Administrator Henderson said. "Elimination of the apprehension of immediate eviction will make it possible for a worker to maximize his contribution to the war."

Mr. Henderson said that the regulations not only placed an effective check on evictions but would also go a long way toward stopping evasive sales of houses.

"Some landlords in certain parts of the country are engaged in outright evasive sales," Mr. Henderson asserted. "They even go to the extent of advertising their basic purpose as an evasion of the maximum rent regulation. In such sales, neither tenant nor landlord has any intent of actually transferring the deed to the property, and no in-migrant defense worker who enters into such a sale ever imagines he will receive title."

Mr. Henderson said that immediate evictions resulting from the sale of rental property had a serious effect on the enforcement of maximum rent. The fear of eviction in a congested war area, he added, creates such overwhelming personal problems that tenants will willingly accede to all sorts of demands.

"They'll pay higher rents than the maximum or enter into evasive sales contracts and buy houses they can't afford and don't expect to pay for just so they won't be moved out of their houses."

Mr. Henderson said that reports had been received from all parts of the country that the war program was being seriously affected by "quickie" evictions.

He reported that labor leaders, war plant owners and managers, as well as Army and Navy officials had told him the serious and growing labor turnover was directly traceable to the insecurity felt by workers.

Daily Average Crude Oil Production For Week Ended Oct. 17, 1942 Shows Gains of 45,500 Bbls.

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended Oct. 17, 1942, was 3,902,250 barrels, an increase of 45,500 barrels over the preceding week, but when compared with the same period last year showed a decline of 208,300 barrels. The current figure also was 163,950 barrels below the daily average figure for the month of October, 1942, recommended by the Office of Petroleum Coordinator. Daily production for the four weeks ended Oct. 17, 1942, averaged 3,838,150 barrels. Further details as reported by the Institute follow:

Reports received from refining companies owning 85.6% of the 4,800,000-barrel estimated daily potential refining capacity of the United States, indicate that the industry as a whole ran to stills, on a Bureau of Mines' basis, 3,709,000 barrels of crude oil daily during the week ended Oct. 17, 1942, and that all companies had in storage at refineries, at bulk terminals, in transit and in pipe lines as of the end of that week, 78,956,000 barrels of finished and unfinished gasoline. The total amount of gasoline produced by all companies is estimated to have been 11,227,000 barrels during the week ended Oct. 17, 1942.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*O.P.C. Recommendations October	*State Allowables Beginning Oct. 1	—Actual Production— Week Ended Oct. 17 1942	Change From Previous Week	4 Weeks Ended Oct. 17 1942	Week Ended Oct. 18 1941
Oklahoma	417,000	417,000	†364,800	— 1,050	366,200	418,100
Kansas	294,000	294,000	†302,900	+ 26,600	289,700	259,800
Nebraska	3,500	------	†3,500	+ 150	3,350	5,700
Panhandle Texas			85,300	+ 100	85,100	80,400
North Texas			140,000	----	139,250	135,750
West Texas			209,000	+ 3,000	203,800	282,850
East Central Texas			91,000	+ 600	87,400	85,450
East Texas			362,000	----	344,850	369,900
Southwest Texas			165,400	+ 3,700	158,950	219,350
Coastal Texas			311,000	+ 7,000	305,800	292,000
Total Texas	1,407,600	‡1,455,261	1,363,700	+ 14,400	1,325,150	1,465,700
North Louisiana			97,500	— 200	98,100	80,150
Coastal Louisiana			229,000	+ 1,000	228,900	265,350
Total Louisiana	337,200	349,200	326,500	+ 800	327,000	345,500
Arkansas	79,500	73,461	73,250	— 150	73,350	71,850
Mississippi	50,000		†69,850	— 1,100	71,350	64,200
Illinois	280,000		258,300	— 13,700	264,900	420,100
Indiana	19,000		†16,550	— 1,400	17,150	18,650
Eastern (not incl. Ill. and Indiana)	107,400		96,650	+ 3,050	96,150	94,300
Michigan	65,700		65,900	+ 4,100	63,250	59,200
Wyoming	90,800		90,850	+ 750	92,500	85,500
Montana	24,400		21,550	— 250	21,650	20,050
Colorado	7,000		6,750	— 200	6,800	4,850
New Mexico	101,100	101,100	99,500	+ 1,600	97,950	115,950
Total East of Calif.	3,284,200		3,160,550	+ 33,600	3,116,450	3,449,450
California	782,000	§782,000	741,700	+ 11,900	721,700	661,100
Total United States	4,066,200		3,902,250	+ 45,500	3,838,150	4,110,550

*O.P.C. recommendations and state allowables represent the production of all petroleum liquids, including crude oil, condensate and natural gas derivatives recovered from oil, condensate and gas fields. Past records of production indicate, however, that certain wells may be incapable of producing the allowables granted, or may be limited by pipeline proration. Actual state production would, under such conditions, prove to be less than the allowables. The Bureau of Mines reported the daily average production of natural gasoline and allied products in July, 1942, as follows: Oklahoma, 28,300; Kansas, 4,300; Texas, 98,900; Louisiana, 19,000; Arkansas, 2,900; Illinois, 8,900; Eastern (not including Illinois and Indiana), 7,800; Michigan, 200; Wyoming, 2,200; Montana, 200; New Mexico, 5,800; California, 41,000.

†Oklahoma, Kansas, Nebraska, Mississippi, Indiana figures are for week ended 7 a.m. Oct. 14.

‡This is the net basic allowable as of Oct. 1, calculated on a 31-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 4 to 16 days, the entire state was ordered shut down for 9 days, namely, Oct. 3, 4, 10, 11, 17, 18, 24, 25 and 31.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE AND GAS AND FUEL OIL, WEEK ENDED OCT. 17, 1942

(Figures in Thousands of barrels of 42 Gallons Each)

District—	Daily Refining Capacity Potential Rate	Daily Refining Capacity % Reporting	Crude Runs to Stills Daily Average	Crude Runs to Stills % Operated	Gasoline Production at Refineries Includ. Natural Blended	Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuels	‡Stocks of Residual Fuel Oil
			Figures in this section include reported totals plus an estimate of unreported amounts and are therefore on a Bureau of Mines basis					
*Combin'd: East Coast, Texas Gulf, Louisiana Gulf, North Louisiana - Arkansas and Inland Texas	2,440	88.2	1,661	68.1	5,061	38,011	24,963	18,553
Appalachian	176	84.8	164	93.2	454	2,633	723	540
Ind., Ill., Ky.	804	83.3	735	91.4	2,528	13,732	6,010	3,329
Okla., Kansas, Mo.	416	80.1	355	85.3	1,276	6,429	1,866	1,356
Rocky Mountain	147	48.0	100	68.0	272	1,638	447	534
California	817	89.9	694	84.9	1,636	16,513	12,927	54,225
Tot. U. S. B. of M. basis, Oct. 17, 1942	4,800	85.6	3,709	77.3	11,227	†78,956	46,926	78,537
Tot. U. S. B. of M. basis, Oct. 10, 1942	4,800	85.6	3,766	78.5	11,511	79,731	46,007	78,681
U. S. Bur. of Mines basis, Oct. 18, 1941			4,131		13,039	81,623	54,143	94,800

*At the request of the Office of Petroleum Coordinator. †Finished 70,013,000 bbls.; unfinished, 8,943,000 bbls. ‡At refiners, at bulk terminals, in transit and in pipe lines.

Weekly Coal and Coke Production Statistics

The Bituminous Coal Division, U. S. Department of the Interior, in its latest report, states that the total production of soft coal in the week ended Oct. 17 is estimated at 11,400,000 net tons, as compared wih 11,460,000 tons in the preceding week and 11,380,000 tons in the corresponding week last year. The production of soft coal to date shows an increase of 15.1% over the same period in 1941.

According to the U. S. Bureau of Mines, production of Pennsylvania anthracite for the week ended Oct. 17 was estimated at 1,140,000 tons, a decrease of 19,000 tons (1.6%) from the preceding week. When compared with the output in the corresponding week of 1941, there was a decrease of 139,000 tons (or 10.9%). The calendar year to date shows a gain of 5.3% when compared with the same period of last year.

The U. S. Bureau of Mines also reported that the estimated production of by-product coke in the United States for the week ended Oct. 17 showed a decrease of 2,700 tons when compared with the output for the week ended Oct. 10. The quantity of coke from beehive ovens decreased 4,900 tons during the same period.

ESTIMATED UNITED STATES PRODUCTION OF COAL, IN NET TONS WITH COMPARABLE DATA ON PRODUCTION OF CRUDE PETROLEUM (000 OMITTED)

Bituminous and lignite coal—	—Week Ended— Oct. 17, 1942	†Oct. 10, 1942	Oct. 18, 1941	—January 1 to Date— Oct. 17, 1942	Oct. 18, 1941	Oct. 16, 1937
Total, incl. mine fuel	11,400	11,460	11,380	457,007	397,088	352,388
Daily average	1,900	1,910	1,897	1,876	1,635	1,448
*Crude petroleum— Coal equivalent of weekly output	6,251	6,178	6,584	256,533	251,229	230,788

*Total barrels produced during the week converted into equivalent coal assuming 6,000,000 B.t.u. per barrel of oil and 13,100 B.t.u per pound of coal. Note that most of the supply of petroleum products is not directly competitive with coal (Minerals Yearbook, Review of 1940, page 775). †Revised.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE

(In Net Tons)

	—Week Ended— §Oct. 17, 1942	Oct. 10, 1942	Oct. 18, 1941	—Calendar Year to Date— Oct. 17, 1942	Oct. 18, 1941	Oct. 19, 1929
Penn. anthracite—						
*Total incl. colliery fuel	1,140,000	1,159,000	1,279,000	48,252,000	45,825,000	57,895,000
†Commercial production	1,094,000	1,113,000	1,215,000	45,862,000	43,534,000	53,727,000
Beehive coke—						
United States total	154,200	159,100	165,300	6,306,300	5,198,500	5,478,500
By-product coke—						
United States total	1,206,600	1,209,300	‡	49,117,900	‡	‡

*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Comparable data not available. §Subject to revision.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES

[In Thousands of Net Tons)]

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

State—	—Week Ended— Oct. 10, 1942	Oct. 3, 1942	Oct. 11, 1941	Oct. 12, 1940	Oct. 9, 1937	Oct. avge. ¶1923
Alaska	5	5	5	4	3	**
Alabama	364	364	312	288	256	398
Arkansas and Oklahoma	95	95	114	63	94	88
Colorado	167	170	160	131	174	217
Georgia and North Carolina	1	1	1	1	††	**
Illinois	1,323	1,242	1,064	905	1,154	1,558
Indiana	498	507	500	305	367	520
Iowa	45	‡‡46	62	62	86	116
Kansas and Missouri	175	172	133	109	117	161
Kentucky—Eastern	943	965	986	695	872	764
Kentucky—Western	302	287	202	133	166	238
Maryland	33	33	37	26	35	35
Michigan	9	8	8	10	16	28
Montana (bituminous and lignite)	114	118	80	60	70	82
New Mexico	36	40	22	18	32	58
North and South Dakota (lignite)	65	57	69	69	66	**36
Ohio	705	‡‡686	679	336	528	817
Pennsylvania (bituminous)	2,623	2,630	2,880	2,394	2,374	3,149
Tennessee	140	142	150	100	110	118
Texas (bituminous and lignite)	8	9	8	8	18	26
Utah	118	115	109	80	91	121
Virginia	400	390	428	305	316	231
Washington	48	52	41	30	43	68
*West Virginia—Southern	2,180	2,190	2,403	1,735	1,962	1,488
†West Virginia—Northern	882	905	904	497	605	805
Wyoming	182	181	167	126	148	184
‡Other Western States	1	2	††	1	1	**4
Total bituminous and lignite	11,460	11,412	11,524	8,491	9,704	11,310
§Pennsylvania anthracite	1,159	1,228	1,329	912	1,167	1,968
Total all coal	12,619	12,640	12,853	9,403	10,871	13,278

*Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. †Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. ‡Includes Arizona, California, Idaho, Nevada, and Oregon. §Data for Pennsylvania anthracite from published records of the Bureau of Mines. ¶Average weekly rate for entire month. **Alaska, Georgia, North Carolina, and South Dakota included with "other Western States." ††Less than 1,000 tons. ‡‡Revised.

National Fertilizer Ass'n Price Index Higher

The general level of wholesale commodity prices turned upward last week, after declining for two consecutive weeks, according to the price index compiled by the National Fertilizer Association and made public on Oct. 26. This index in the week ended Oct. 24, 1942 rose to 130.0 from 129.6 in the preceding week. A month ago it registered 129.3, and a year ago, 115.9, based on the 1935-1939 average as 100. The Association's report went on to say:

Changes occurred mainly in the prices of agricultural commodities. The sharpest advance was recorded by the farm product index which regained most of the previous week's loss. Meat prices rallied last week, causing the food index to move upward. Price increases for raw cotton took the textile index up to July levels. During the week none of the group averages in the composite index declined.

Last week prices of 14 commodities advanced and four declined; in the preceding week there were 23 advances and eight declines, in the second preceding week there were 11 advances and 10 declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX

Compiled by The National Fertilizer Association

[*1935-1939=100]

% Each Group Bears to the Total Index	Group	Latest Week Oct. 24, 1942	Preceding Week Oct. 17, 1942	Month Ago Sep. 19, 1942	Year Ago Oct. 25, 1941
25.3	Foods	132.6	†132.4	131.8	113.2
	Fats and Oils	145.9	145.9	140.9	122.5
	Cottonseed Oil	156.1	156.1	153.9	145.3
23.0	Farm Products	142.5	141.2	139.4	114.0
	Cotton	181.3	179.7	178.9	148.4
	Grains	112.6	112.2	116.2	103.3
	Livestock	143.6	142.1	138.4	109.5
17.3	Fuels	119.3	119.3	119.3	112.3
10.8	Miscellaneous commodities	126.7	126.7	126.7	125.2
8.2	Textiles	148.2	147.7	147.6	137.5
7.1	Metals	104.4	104.4	104.4	104.0
6.1	Building materials	151.4	151.4	151.5	131.5
1.3	Chemicals and drugs	120.7	120.7	120.7	112.3
.3	Fertilizer materials	117.3	117.3	117.9	114.5
.3	Fertilizers	115.3	115.3	115.3	107.5
.3	Farm machinery	104.1	104.1	104.1	100.2
100.0	All groups combined	130.0	†129.6	129.3	115.9

*Indexes on 1926-1928 base were: Oct. 24, 1942, 101.3; Oct. 17, 101.0 Oct. 25, 1941, 90.3. †Revised.

August Retail Instalment Credit Shows Improvement

The Board of Governors of the Federal Reserve System announced on Oct. 15 that installment accounts receivable at furniture, household appliance, and jewelry stores declined further in August while collections continued to improve. These developments are shown by data compiled by the Board from statistics reported by the various respondents to the Federal Reserve Banks. The figures now released by the Board are comparable with those formerly compiled and published by the Bureau of Foreign and Domestic Commerce.

The Board further said:

"**Furniture Stores** — Accounts receivable at furniture stores declined by 6% in August, about the same rate as in the preceding month. Collections during August were 16% of installment accounts outstanding at the beginning of the month compared with 11.7% a year ago.

"**Household Appliance Stores**—Installment accounts receivable at household appliance stores have been declining at a rate of about 9% a month, and in August were nearly 50% less than at the high level reached in the early fall of 1941. The collection ratio on installment accounts showed little change from the preceding month but was larger than last year.

"**Jewelry Stores**—Outstandings on installment accounts of jewelry stores declined somewhat less in August than in the two preceding months but were 27% below August 1941. Collections amounted to 24% of receivables on Aug. 1 compared with 17% a year ago."

Farm Transport Plans

A two-purpose program designed to keep the growing volume of farm products and supplies moving with the least possible wear and tear on the approximately 1,500,000 motor trucks now engaged in such transportation until the war has been won was announced Oct. 16 by Joseph B. Eastman, Director of the Office of Defense Transportation. A plan has been worked out, Mr. Eastman announced, whereby the three big groups principally concerned with the primary movement of farm products—producers, carriers, and processors—may act jointly in their respective ereas to conserve motor truck equipment in the movement of farm products from growing and producing areas to storage and processing plants and consumer markets. The ODT announcement adds:

"Mr. Eastman explained that while the immediate concern of the ODT is the conservation of transporation, the ODT recognizes that conservation programs may originate from sources other than the trucking industry itself. This is particularly true, Mr. Eastman pointed out, in the marketing of agricultural commodities, inasmuch as farmers ship their products in trucks owned by processing plant operators and by 'for-hire' haulers as well as in their own trucks.

"Mr. Eastman recommended that Industry Transportation Committees be set up, comprising representatives of processing plants, truck operators and producers of farm commodities or livestock, and that these Committees assume responsibility for the development of joint transportation plans in their areas.

"The plans submitted should follow these procedures closely and should be developed by persons thoroughly acquainted with farm transportation problems after careful examination of local conditions, Mr. Eastman pointed out.

"Each conservation plan should contain two parts—one dealing with the proposed relocation of routes, the other with the proposed zoning of markets."

Trading On New York Exchanges

The Securities and Exchange Commission made public on Oct. 23 figures showing the daily volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Oct. 10, 1942, continuing a series of current figures being published by the Commission. Short sales are shown separately from other sales in these figures, the Commission explained.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Oct. 10 (in round-lot transactions) totaled 1,670,945 shares, which amount was 16.58% of total transactions on the Exchange of 5,039,800 shares. This compares with member trading during the previous week ended Oct. 3 of 1,098,315 shares, or 16.58% of total trading of 3,312,090 shares. On the New York Curb Exchange, member trading during the week ended Oct. 10 amounted to 215,970 shares, or 15.21% of the total volume of that Exchange of 710,020 shares; during the preceding week trading for the account of Curb members of 146,995 shares was 16.69% of total trading of 440,305 shares.

The Commission made available the following data for the week ended Oct. 10:

The data published are based upon weekly reports filed with the New York Stock Exchange and the New York Curb Exchange by their respective members. These reports are classified as follows:

	N. Y. Stock Exchange	N. Y. Curb Exchange
Total number of reports received	962	663
1. Reports showing transactions as specialists	176	87
2. Reports showing other transactions initiated on the floor	185	13
3. Reports showing other transactions initiated off the floor	227	65
4. Reports showing no transactions	483	527

Note—On the New York Curb Exchange, odd-lot transactions are handled solely by specialists in the stocks in which they are registered and the round-lot transactions of specialists resulting from such odd-lot transactions are not segregated from the specialists' other round-lot trades. On the New York Stock Exchange, on the other hand, all but a fraction of the odd-lot transactions are effected by dealers engaged solely in the odd-lot business. As a result, the round-lot transactions of specialists in stocks in which they are registered are not directly comparable on the two exchanges.

The number of reports in the various classifications may total more than the number of reports received because a single report may carry entries in more than one classification.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

WEEK ENDED OCT. 10, 1942

	Total for Week	†Per Cent
A. Total Round-Lot Sales:		
Short sales	119,230	
‡Other sales	4,920,570	
Total sales	5,039,800	
B. Round-Lot Transactions for the Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	445,025	
Short sales	62,430	
‡Other sales	373,510	
Total sales	435,940	8.74
2. Other transactions initiated on the floor—		
Total purchases	256,670	
Short sales	18,150	
‡Other sales	230,230	
Total sales	248,380	5.01
3. Other transactions initiated off the floor—		
Total purchases	133,455	
Short sales	15,970	
‡Other sales	135,505	
Total sales	151,475	2.83
4. Total—		
Total purchases	835,150	
Short sales	96,550	
‡Other sales	739,245	
Total sales	835,795	16.58

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED OCT. 10, 1942

	Total for Week	†Per Cent
A. Total Round-Lot Sales:		
Short sales	5,195	
‡Other sales	704,825	
Total sales	710,020	
B. Round-Lot Transactions for the Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	55,985	
Short sales	4,375	
‡Other sales	69,210	
Total sales	73,585	9.12
2. Other transactions initiated on the floor—		
Total purchases	16,825	
Short sales	200	
‡Other sales	7,495	
Total sales	7,695	1.73
3. Other transactions initiated off the floor—		
Total purchases	24,095	
Short sales	20	
‡Other sales	37,765	
Total sales	37,785	4.36
4. Total—		
Total purchases	96,905	
Short sales	4,595	
‡Other sales	114,470	
Total sales	119,065	15.21
C. Odd-Lot Transactions for the Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	33,689	
Total purchases	33,689	
Total sales	18,959	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†Shares in members' transactions as per cent of twice total round-lot volume. In calculating these percentages, the total members' transactions is compared with twice the total round-lot volume on the Exchange for the reason that the total of members' transactions includes both purchases and sales, while the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

Wholesale Prices Decline For First Time In Three Months, Labor Bureau Reports

The Bureau of Labor Statistics, U. S. Department of Labor, announced on Oct. 22 that prices in primary markets declined during the week ended Oct. 17 for the first time since mid-July, mainly because of weakness of agricultural markets. The Bureau's comprehensive wholesale price index dropped 0.2% to 99.6% of its 1926 average. Prices for farm products and foods moved lower, following several weeks of steady advance, because of anticipated extension of Federal price controls over agricultural products.

The Bureau's announcement further stated:

"Farm Products and Foods.—Average price reductions from the previous week amounted to 0.9% for farm products and 0.2% for foods. Present prices are about 20% higher for farm products and 17% for foods than at this time last year. Declines during the week were greatest for grains, including wheat, rye, oats, corn, and barley, and ranged from over 1% for wheat to more than 7% for oats. Quotations for wheat and rye flour were down about 2%. The down turn in these markets followed the Office of Economic Stabilization's order limiting loans on wheat and corn to 85% of parity, and was accelerated by the Department of Agriculture's later announcement of record crop estimates.

"Prices in livestock and poultry markets were also substantially lower, reflecting mainly expectations of Office of Price Administration ceiling orders. Early in the week declines for steers and hogs ranged from nearly 2 to more than 3% below the previous week's levels. Live poultry was down more than 6%. There were also sharp price reductions, largely seasonal, for fresh fruits and vegetables. Higher prices were reported for lard, for which Office of Price Administration ceilings were recently adjusted upward, and for cottonseed oil, hominy grits, corn meal, and peanut butter.

"Industrial Commodities.—Price changes in industrial commodity markets were as usual comparatively few, and continued the stability prevailing since mid-May, when the General Maximum Price Regulation became effective. Quotations for turpentine, maple flooring, and boxboard were fractionally higher. Somewhat lower prices were reported for linseed oil, gum lumber, tar, and acetone."

The Bureau makes the following notation:

"During the period of rapid changes caused by price controls, materials allocation, and rationing the Bureau of Labor Statistics will attempt promptly to report changing prices. The indexes marked (*), however, must be considered as preliminary and subject to such adjustment and revision as required by later and more complete reports."

The following table shows index numbers for the principal groups of commodities for the past 3 weeks, for Sept. 19, 1942 and Oct. 18, 1941, and the percentage changes from a week ago, a month ago, and a year ago:

(1926=100)

Commodity groups	10-17 1942	10-10 1942	10-3 1942	9-19 1942	10-18 1941	Percentage changes to Oct. 17, 1942 from— 10-10 1942	9-19 1942	10-18 1941
All commodities	*99.9	*99.8	*99.7	*99.3	91.7	—0.2	+0.3	+ 8.6
Farm products	107.9	108.9	108.7	107.1	89.8	—0.9	+0.7	+20.2
Foods	103.1	103.3	103.0	102.0	88.4	—0.2	+1.1	+16.6
Hides and leather products	118.4	118.4	118.4	118.6	113.2	0	—0.2	+ 4.6
Textile products	96.5	96.5	96.6	96.6	90.2	0	—0.1	+ 7.0
Fuel and lighting materials	79.7	79.7	79.7	79.6	80.0	0	+0.1	— 0.4
Metals and metal products	*103.9	*103.9	*103.9	*103.9	102.2	0	0	+ 1.7
Building materials	110.2	110.5	110.5	110.4	106.9	—0.3	—0.2	+ 3.1
Chemicals and allied products	96.1	96.2	96.2	96.2	89.7	—0.1	—0.1	+ 7.1
Housefurnishing goods	104.1	104.1	104.1	104.1	99.9	0	0	+ 4.2
Miscellaneous commodities	88.4	88.4	88.4	88.6	85.6	0	—0.2	+ 3.3
Raw materials	102.0	102.6	102.4	101.5	89.2	—0.6	+0.5	+14.3
Semimanufactured articles	92.5	92.8	92.8	92.8	89.7	—0.3	—0.3	+ 3.1
Manufactured products	*99.7	*99.7	*99.6	*99.4	93.5	0	+0.3	+ 6.6
All commodities other than farm products	*97.8	*97.9	*97.8	*97.6	92.2	—0.1	+0.2	— 6.1
All commodities other than farm products and foods	*95.6	*95.7	*95.7	*95.7	93.1	—0.1	—0.1	+ 2.7

*Preliminary.

Non-Ferrous Metals—NWLB Announces Wage Increase For Mines, Subject To Approval

Editor's Note.—At the direction of the Office of Censorship certain production and shipment figures and other data have been omitted for the duration of the war.

"E. & M. J. Metal and Mineral Markets," in its issue of Oct. 22, stated: "A wage increase of $1 per day for miners of copper, lead, and zinc in Idaho and Utah, estimated by some to number 10,000, was authorized on Oct. 16 by the National War Labor Board, subject to approval by the Director of the Office of Economic Stabilization. This action by the Board, in an effort to correct wage inequalities and help production of major non-ferrous metals, opens the way to speculation as to its effect in stimulating requests for increases elsewhere in the industry and the need for higher metal prices or subsidies to meet the higher costs that will result. Aside from this, the outstanding event of the week's news was the cut of $1 per ton in its premium for chemical lead announced by the St. Joseph Lead Co." The publication further went on to say in part:

Copper

Despite recent comment that the copper production quotas of individual producers were under review in Washington with the purpose of increasing the tonnage of metal that might be sold at the premium price, nothing definite developed up to the close of business Oct. 21, on which day the Copper Advisory Committee was meeting in the Capital. The wage increase of $1 per day authorized for miners in Idaho and Utah by the War Labor Board, if approved, will bring an increase in costs, it is felt, which must be compensated for in some way, whether by price increase or outright subsidy. Word on allocations for November is expected in the very near future.

(According to an Associated Press dispatch from Washington, D. C., Oct. 26, the Anaconda Copper Mining Co. has purchased the 52½% stock interest of Howell P. Eells, Jr. and Associates of Cleveland, O., in Basic Magnesium, Inc. for $75,000. The dispatch added that the Defense Plant Corporation purchased the ore lands of the Basic Corporation, near Gabbs, Nev., for $450,000. In our issue of Oct. 8, 1942, page 1277, it was reported that "the trade was interested in a statement to the press by Senator Bunker, of Nevada, to the effect that the Anaconda Copper Mining Co. has purchased Basic Magnesium, Inc. for $75,000,000 from the Defense Plant Corporation. Officials of Anaconda did not comment on the report."—Ed.)

Lead

During the week Erwin Vogelsang, Chief of the Tin and Lead Branch, WPB, indicated MRC would continue to stockpile lead, despite the easier supply situation, against unforeseen emergencies. The question of easing the lead conservation order is still under consideration in Washington. St. Joseph Lead Co. announced that beginning Oct. 19 its brand of chemical lead would be priced $1 per ton above common lead, instead of $2, thus restoring the price situation on this brand of lead that prevailed before the ceiling was established. The company feels that chemical lead at a premium of only $1 per ton in many cases can take the place of other lead.

Zinc

Developments of interest in the zinc market were lacking. Producers, in view of the wage increase granted by WPB in the West, naturally are hopeful that some adjustment in price will be made to offset the higher operating costs that will result if the Board's action is approved. The producers' Advisory Committee met in Washington Oct. 20.

Tin

The Weirton Steel Co. announced that its tin-plate plant at Steubenville, Ohio, has been closed as a result of a drastic reduction in the manufacture of tin-plate products. The company intends to center production at its mills in Weirton. Owing to WPB restrictions, output of the tin-plate industry for the fourth quarter may not exceed 25% of capacity, E. T. Weir, head of the company, said.

Quotations for tin were unchanged. Straits quality tin for future shipment was nominally as follows:

	Oct.	Nov.	Dec.
October 15	52.000	52.000	52.000
October 16	52.000	52.000	52.000
October 17	52.000	52.000	52.000
October 19	52.000	52.000	52.000
October 20	52.000	52.000	52.000
October 21	52.000	52.000	52.000

Chinese tin, 99% spot, 51.125c. all week.

Quicksilver

With production for the remainder of the year well sold up, the price situation in quicksilver is expected to remain firm. Quotations in New York continued at $195@$198 per flask.

Silver

The Treasury, at a hearing before a Senate Banking subcommittee, indicated that it favored legislation permitting the sale to private industry of silver stocks not held as backing for silver certificates. WPB also sanctioned a bill introduced by Senator Green (R. I.) on condition that all sales be subject to priority regulations. In the event that favorable action is taken on the bill, the Treasury suggested that a clause be inserted establishing a minimum sales price of 50¢ an ounce on such silver. Secretary Morgenthau, in a letter to the Committee, said the average cost of "unpledged" silver was 48½¢ an ounce.

During the last week the silver market in London has been quiet, with the price unchanged at 23½d. The New York Official quotation continued at 44¾¢. The Treasury's buying price was maintained at 35¢.

Daily Prices

The daily prices of electrolytic copper (domestic and export, refinery), lead, zinc and Straits tin were unchanged from those appearing in the "Commercial and Financial Chronicle" of July 31, 1942, page 380.

Revenue Freight Car Loadings During Week Ended Oct. 17, 1942, Totaled 900,767 Cars

Loading of revenue freight for the week ended Oct. 17, totaled 900,767 cars, the Association of American Railroads announced on Oct. 22. This was a decrease below the corresponding week in 1941, of 22,117 cars, or 2.4%, but an increase above the same week in 1940, of 86,858 cars, or 10.7%.

Loading of revenue freight for the week of Oct. 17 decreased 9,190 cars, or 1.0% below the preceding week.

Miscellaneous freight loading totaled 432,176 cars, a decrease of 1,531 cars below the preceding week, but an increase of 24,726 cars above the corresponding week in 1941.

Loading of merchandise less than carload lot freight totaled 90,962 cars, a decrease of 1,797 cars below the preceding week, and a decrease of 68,323 cars below the corresponding week in 1941.

Coal loading amounted to 164,213 cars, a decrease of 2,896 cars below the preceding week, and a decrease of 3,404 cars below the corresponding week in 1941.

Grain and grain products loading totaled 50,461 cars, a decrease of 536 cars below the preceding week, but an increase of 12,897 cars above the corresponding week in 1941. In the Western Districts alone, grain and grain products loading for the week of Oct. 17 totaled 32,585 cars, a decrease of 1,759 cars below the preceding week, but an increase of 8,701 cars above the corresponding week in 1941.

Live stock loading amounted to 24,477 cars, an increase of 1,967 cars above the preceding week, and an increase of 1,672 cars above the corresponding week in 1941. In the Western Districts alone, loading of live stock for the week of Oct. 17, totaled 20,164 cars, an increase of 1,965 cars above the preceding week, and an increase of 996 cars above the corresponding week in 1941.

Forest products loading totaled 48,470 cars, a decrease of 1,071 cars below the preceding week, but an increase of 2,153 cars above the corresponding week in 1941.

Ore loading amounted to 75,807 cars, a decrease of 3,048 cars below the preceding week, but an increase of 6,999 cars above the corresponding week in 1941.

Coke loading amounted to 14,201 cars, a decrease of 278 cars below the preceding week, but an increase of 1,163 cars above the corresponding week in 1941.

All districts reported increases compared with the corresponding week in 1941, except the Eastern, Allegheny, Pocahontas, and Southern and all districts reported increases compared with the corresponding week of 1940.

	1942	1941	1940
Five weeks of January	3,858,273	3,454,409	3,215,565
Four weeks of February	3,122,773	2,866,565	2,465,685
Four weeks of March	3,171,439	3,066,011	2,489,280
Four weeks of April	3,351,038	2,793,630	2,495,212
Five weeks of May	4,170,713	4,160,060	3,351,840
Four weeks of June	3,385,769	3,510,057	2,896,953
Four weeks of July	3,321,568	3,413,435	2,822,450
Five weeks of August	4,350,948	4,463,372	3,717,933
Four weeks of September	3,503,658	3,540,210	3,135,122
Week of Oct. 3	907,607	917,896	806,004
Week of Oct. 10	909,957	903,877	811,906
Week of Oct. 17	900,767	922,884	813,909
Total	34,954,510	34,012,406	29,021,859

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Oct. 17, 1942. During this period only 50 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS)—WEEK ENDED OCT. 17

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1942	1941	1940	1942	1941
Eastern District—					
Ann Arbor	381	602	605	1,233	1,568
Bangor & Aroostook	1,455	1,492	854	201	270
Boston & Maine	6,197	8,368	7,766	14.415	13,585
Chicago, Indianapolis & Louisville	1.546	1,792	1,458	2,096	2,455
Central Indiana	48	24	13	34	77
Central Vermont	955	1.423	1.312	2,562	2,536
Delaware & Hudson	6.751	7,167	5.218	11,400	11,116
Delaware, Lackawanna & Western	7,323	9,173	8,944	11,236	9,138
Detroit & Mackinac	874	447	550	357	149
Detroit, Toledo & Ironton	1,814	2,469	2,645	1,235	1,223
Detroit & Toledo Shore Line	385	398	397	2.850	3.902
Erie	12.717	16.609	13.877	17,280	16.714
Grand Trunk Western	4,459	5,553	5,491	8.136	9.282
Lehigh & Hudson River	201	203	192	2,902	2,912
Lehigh & New England	1.335	2,226	1,987	1,763	2,011
Lehigh Valley	7.912	10.348	9,227	13.401	10,196
Maine Central	2.350	3.300	2,617	3,169	2,887
Monongahela	5.183	6.557	3.004	396	408
Montour	2,228	2,298	1.592	29	67
New York Central Lines	50.929	53,362	46,886	55.890	53.405
N. Y., N. H. & Hartford	9,556	12,701	11.265	17.647	15.935
New York, Ontario & Western	999	1.238	1,179	2.634	2.424
New York, Chicago & St. Louis	8,003	7,471	6,195	16.782	14.356
N. Y., Susquehanna & Western	430	517	404	1,743	1,598
Pittsburgh & Lake Erie	7.832	8,714	7,902	8.608	9.667
Pere Marquette	5,873	6,921	6,844	7,196	6,716
Pittsburg & Shawmut	760	624	503	11	41
Pittsburg, Shawmut & North	389	427	451	295	431
Pittsburgh & West Virginia	1,077	1.120	526	3,252	2.475
Rutland	397	570	607	979	1.085
Wabash	6.342	6.121	6,174	13.414	10.707
Wheeling & Lake Erie	5.891	5.386	4,879	4,992	4,636
Total	162.592	185.621	161.564	228.133	213.972
Allegheny District—					
Akron, Canton & Youngstown	729	866	555	1,049	1.067
Baltimore & Ohio	40.138	41.651	35.579	28.191	24.453
Bessemer & Lake Erie	6.477	5,821	6.425	2,435	2,668
Buffalo Creek & Gauley	°336	275	269	°3	2
Cambria & Indiana	1,863	1,930	1,695	8	18
Central R. R. of New Jersey	7,371	7,931	7,761	18,924	16,913
Cornwall	705	725	656	52	59
Cumberland & Pennsylvania	230	301	235	6	34
Ligonier Valley	134	124	146	56	57
Long Island	1,167	920	1,064	3,570	2,856
Penn-Reading Seashore Lines	1,743	1,917	1,522	2,163	1,881
Pennsylvania System	82.911	91,647	73.231	64,491	58.738
Reading Co.	14.652	17,749	15.667	25,760	24.591
Union (Pittsburgh)	21.383	19.808	19,571	7,070	6 350
Western Maryland	3,638	4,421	3,251	11,965	9,812
Total	183.477	196,086	165,627	165,743	149,499
Pocahontas District—					
Chesapeake & Ohio	28.071	29.648	22.265	13.673	15,080
Norfolk & Western	22,113	25,076	20,071	7,208	6,424
Virginian	4,540	4,639	4,080	2,548	2,128
Total	54,724	59,363	46,416	23,429	23,632
Southern District—					
Alabama, Tennessee & Northern	328	377	260	411	230
Atl. & W. P.—W. R. R. of Ala.	806	936	831	2,907	2,265
Atlanta, Birmingham & Coast	777	873	691	1,454	1,148
Atlantic Coast Line	10,839	11,640	10,122	9,949	7,313
Central of Georgia	4,429	4,824	4,164	5,325	4,511
Charleston & Western Carolina	412	494	492	1,611	1,661
Clinchfield	1,825	1,822	1,327	2,853	2,838
Columbus & Greenville	481	393	388	305	378
Durham & Southern	124	212	184	503	374
Florida East Coast	855	475	587	1,220	1,063
Gainesville Midland	45	35	31	88	78
Georgia	1,434	1,460	1,314	2,545	2,463
Georgia & Florida	354	394	326	474	668
Gulf, Mobile & Ohio	4,548	4,409	3,671	4,821	3,646
Illinois Central System	32,320	28,591	25,116	18,826	15,296
Louisville & Nashville	26,016	27,764	22,180	11,672	9,073
Macon, Dublin & Savannah	199	212	140	647	767
Mississippi Central	236	181	160	590	382
Nashville, Chattanooga & St. L.	4,048	3,950	3,410	4,892	3,434
Norfolk Southern	643	1,373	1,293	1,614	1,385
Piedmont Northern	289	501	403	1,272	1,793
Richmond, Fred. & Potomac	532	489	407	6,874	6,181
Seaboard Air Line	9,611	10,964	10,098	8.596	7,653
Southern System	24,263	26,340	23,757	25,652	21,277
Tennessee Central	531	559	561	976	710
Winston-Salem Southbound	124	173	160	999	921
Total	126,069	129,441	112,073	117,076	97,508
Northwestern District—					
Chicago & North Western	22,313	22,877	22,922	16,012	13,984
Chicago Great Western	2,416	3,139	2,969	4,131	3,810
Chicago, Milw., St. P. & Pac.	23,244	24,560	22,346	11.740	9,703
Chicago, St. Paul, Minn. & Omaha	3,812	4,305	4,074	4,752	4,593
Duluth, Missabe & Iron Range	25,711	21,531	21,323	457	331
Duluth, South Shore & Atlantic	1,112	1,201	1,078	835	523
Elgin, Joliet & Eastern	10,363	10,055	9,263	10,630	10,525
Ft. Dodge, Des Moines & South	572	565	642	151	165
Great Northern	28,722	26,896	26,038	6,613	4,448
Green Bay & Western	577	722	740	833	680
Lake Superior & Ishpeming	2,332	2,470	2,973	63	52
Minneapolis & St. Louis	2,610	2,319	2,442	3.231	2,586
Minn., St. Paul & S. S. M.	7,924	8,409	7,548	3,326	3,201
Northern Pacific	13,976	14,496	12,880	5,763	5,130
Spokane International	274	211	302	670	325
Spokane, Portland & Seattle	2,487	2,484	2,025	3,551	2,392
Total	148,445	146,240	139,565	72,758	62,448
Central Western District—					
Atch., Top. & Santa Fe System	25,343	25,022	23,332	14,173	9,574
Alton	4,157	3,199	3,241	5,431	2,821
Bingham & Garfield	596	751	470	126	94
Chicago, Burlington & Quincy	22,935	20,837	19,397	14,701	12,325
Chicago & Illinois Midland	2,614	2,907	2,151	1,033	819
Chicago, Rock Island & Pacific	13,717	13,775	13,603	13,023	11,525
Chicago & Eastern Illinois	3,144	3,166	2,573	4,643	2,991
Colorado & Southern	1,269	1,136	1,176	2,332	1,835
Denver & Rio Grande Western	5,308	4,748	5,189	7,290	5,340
Denver & Salt Lake	868	770	496	14	23
Fort Worth & Denver City	1,190	1,195	1,343	1,837	1,323
Illinois Terminal	2.036	2,064	1,831	2,419	2,062
Missouri-Illinois	1,403	1,125	1,103	528	458
Nevada Northern	2,132	1,894	1,620	105	127
North Western Pacific	1,100	1,298	969	669	448
Peoria & Pekin Union	11	22	7	0	0
Southern Pacific (Pacific)	33,209	33,350	28,024	11,426	8,282
Toledo, Peoria & Western	434	382	333	2,053	1,651
Union Pacific System	20,922	23,998	22,139	18,787	14,264
Utah	509	645	349	2	5
Western Pacific	2,586	2,195	1,942	4.938	3,815
Total	145,483	144,479	131,288	105.530	79,782
Southwestern District—					
Burlington-Rock Island	152	169	147	222	245
Gulf Coast Lines	4,945	3,342	2,944	2,613	1,942
International-Great Northern	3,762	1,908	2,008	2,644	2,151
Kansas, Oklahoma & Gulf	441	254	270	1,299	1,236
Kansas City Southern	4,690	2,818	2,155	2,911	2,855
Louisiana & Arkansas	3,788	2,495	2,149	2,202	2,230
Litchfield & Madison	262	336	360	1,176	1,195
Midland Valley	894	736	572	272	267
Missouri & Arkansas	213	200	239	441	420
Missouri-Kansas-Texas Lines	6,616	5,141	4,818	5,501	3,976
Missouri Pacific	20,197	18,261	16,997	21,669	12,961
Quanah Acme & Pacific	103	110	189	265	144
St. Louis-San Francisco	10,501	9,897	9,017	9,288	6,368
St. Louis Southwestern	3,797	3,265	3,428	5,959	3,215
Texas & New Orleans	14,376	7,993	7,412	4,725	4,097
Texas & Pacific	5,077	4,543	4,468	7,145	4,954
Wichita Falls & Southern	130	165	184	31	71
Weatherford M. W. & N. W.	33	21	19	40	51
Total	79.977	61,654	57,376	68.403	48,378

°Previous week's figure.

Note—Previous year's figures revised.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity	
				Current	Cumulative
1942—Week Ended—					
June 6	110,226	120,374	283.390	69	95
June 13	115,300	125,016	274,512	72	94
June 20	98,766	117,924	248,594	69	93
June 27	104,178	120.359	231,368	72	92
July 4	94,257	100,337	223,809	59	91
July 11	92,481	77,996	236.536	52	90
July 18	103,559	114,917	226,341	71	90
July 25	112,513	120,982	219,700	74	89
Aug. 1	119.023	125,653	213.443	76	89
Aug. 8	114,969	121,035	208,769	75	88
Aug. 15	120,262	122,735	208,206	73	88
Aug. 22	124,763	119,299	213,890	74	87
Aug. 29	122,236	124,440	212,953	77	87
Sept. 5	129,486	124,580	218,533	78	87
Sept. 12	106,933	101,891	222,636	65	86
Sept. 19	138,477	132,212	228,355	81	86
Sept. 26	129.503	131,173	224.926	78	86
Oct. 3	144,506	133,513	236,208	80	86
Oct. 10	147,437	131,961	248,026	80	86
Oct. 17	152,644	134,197	261,871	79	85

Note—Unfilled orders of the prior week plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Oct. 23 a summary for the week ended Oct. 17, 1942, of complete figures showing the daily volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handle odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures, which are based upon reports filed with the Commission by the odd-lot dealers and specialists, are given below:

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE NEW YORK STOCK EXCHANGE

Week Ended Oct. 17, 1942	Total for week
Odd-lot Sales by Dealers: (Customers' Purchases)	
Number of Orders	11,432
Number of Shares	315,094
Dollar Value	10,457,319
Odd-lot Purchases by Dealers— (Customers' Sales)	
Number of Orders:	
Customers' short sales	107
°Customers' other sales	12,053
Customers' total sales	12,160
Number of Shares:	
Customers' short sales	3,164
°Customers' other sales	313,758
Customers' total sales	316,922
Dollar value	9,192,189
Round-lot Sales by Dealers—	
Number of Shares:	
Short sales	110
†Other sales	86,370
Total sales	86,480
Round-lot Purchases by Dealers—	
Number of shares	80,270

*Sales marked "short exempt" are reported with "other sales." †Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Lumber Movement—Week Ended Oct. 17, 1942

Lumber production during the week ended Oct. 17, 1942, was 5% less than the previous week, shipments were 7% less, new business 1% greater, according to reports to the National Lumber Manufacturers Association from regional associations covering the operations of representative hardwood and softwood mills. Shipments were 1% above production; new orders 10% above production. Compared with the corresponding week of 1941, production was 6% less, shipments 6% less, and new business 17% greater. The industry stood at 123% of the average of production in the corresponding week of 1935-39 and 127% of average 1935-39 shipments in the same week.

Year-to-date Comparisons

Reported production for the first 41 weeks of 1942 were 4% below corresponding weeks of 1941; shipments were 3% above the shipments, and new orders 7% above the orders of the 1941 period. For the 41 weeks of 1942, new business was 19% above production, and shipments were 13% above production.

Supply and Demand Comparisons

The ratio of unfilled orders to gross stocks was 77% on Oct. 17, 1942, compared with 31% a year ago. Unfilled orders were 55% greater than a year ago; gross stocks were 28% less.

Softwoods and Hardwoods

Record for the current week ended Oct. 17, 1942, for the corresponding week a year ago, and for the previous week, follows in thousand board feet:

	Softwoods and Hardwoods		
	1942 Week	1941 Week	1942 Previous Wk. (rev.)
Mills	430	430	457
Production	249.969	266,153	263,656
Shipments	252.487	269.933	271.747
Orders	275,868	235,867	272,545

	Softwoods 1942 Week	Hardwoods 1942 Week
Mills	355	89
Production	239.938—100%	10.031—100%
Shipments	239,433— 99.8	13,054—130
Orders	258,307—108	17,561- 175

Items About Banks, Trust Companies

William G. Brady, Jr., President of the National City Bank of New York, has been elected President of the Bankers Club of America. F. W. LaFrentz, Chairman of the American Surety Co., was named Vice-President of the club. Other officers elected were: John C. Traphagen, President of the Bank of New York, as Treasurer; Herbert P. Howell, Chairman of the Commercial National Bank and Trust Co., as Chairman of the Executive Committee, and G. de la Guardia, as Secretary.

At a special meeting of the Board of Directors of The Continental Bank & Trust Co., held on Oct. 26, at 30 Broad Street, Frederick E. Hasler, Chairman, was elected President to fill the vacancy caused by the death of Frederick H. Hornby on Oct. 18, last. Mr. Hasler will also continue as Chairman, filling both posts as Mr. Hornby did for a few years prior to 1941, when he relinquished the Board Chairmanship to Mr. Hasler, who had been Chairman of the Executive Committee of the bank. Mr. Hasler, who entered the banking business in New York about a quarter of a century ago, is also President of the Chamber of Commerce of the State of New York and of the Pan American Society. The death of Mr. Hornby was noted in our issue of Oct. 22, page 1456.

Charles G. Edwards, nationally known real estate executive, died of a heart attack on Oct. 24 at New Canaan, Conn. He was in his 59th year. Many months of ill health had led, in May of this year, to his resignation as President of Central Savings Bank, New York City, a position to which he had been elected in January, 1936. Mr. Edwards exerted far-reaching influence upon the development of real estate procedure and planning throughout the country through his Presidency of the Real Estate Board of New York from 1922 to 1924, and of the National Association of Real Estate Boards in 1925. After his Presidency of the latter organization, he continued to serve as a member of its Advisory Committee. In addition to being an officer or director of many New York real estate corporations, he served as Vice-Chairman of the Mayor's Committee on Property Improvement, Director of the Mortgage Conference of New York, the Commerce and Industry Association of New York, and the National Real Estate Foundation. Born in Brooklyn, Mr. Edwards entered the real estate business in 1899, when he became associated with the firm of Daniel Birdsall & Co. In 1921 he formed the Charles G. Edwards Co., one of the leading real estate concerns in the city.

In 1933 he was appointed Real Estate Officer of the Mutual Life Insurance Co. of New York and continued in that post until 1936, when he became President of the Central Savings Bank. Mr. Edwards at the time of his death was a trustee of Central Hanover Bank & Trust Co. and a director of the Continental Insurance Co. He was Vice-President, Director and Trustee of the Lincoln Building Corp. and a trustee of the Lawyers Mortgage Corp.; he also served as a trustee of the Roosevelt Hospital.

Frederick W. Briggs, President of the First National Bank, Brandon, Vt., died on Oct. 19 in a Burlington hospital. Mr. Briggs, who was 68, had been associated with the bank 52 years.

The Federal receivership of the First National Bank, Detroit, Mich., is now clear of bank debt, the balance of a loan obtained from the Manufacturers National Bank to pay a 20% depositors' dividend in November, 1940, having been paid in full, B. C. Schram, receiver, announced on Oct. 13. The Detroit "Free Press" of Oct. 14 further said:

"The announcement was made in connection with the quarterly report of condition for the period ending Sept. 30, which showed the receiver holding unliquidated assets having a book value of $66,928,384.93 and an estimated actual liquidating value of $35,979,797.32. In addition to those assets the receiver holds cash on hand amounting to $795,010.69.

"Meanwhile, preparations were going ahead in the receivership for payment of the final dividend of 7.565%, which is expected to be ready for distribution shortly after Dec. 15."

Louis C. Parmenter, retired Oklahoma banker, died recently at his home in Oklahoma City at the age of 72. Mr. Parmenter's banking career consisted mainly of association with the First National Bank in Oklahoma City, with which he was connected for several years, and later with banks in Holdenville and Muskogee. He also helped organize banks in Stillwater, Chandler and Tishomingo. Mr. Parmenter had been retired since 1930.

Coleman C. Walker has been elected an Assistant Vice-President of the Wachovia Bank and Trust Co., Winston-Salem, N. C.

James T. Thomas, President of the Grenada Bank, Grenada, Miss., died on Oct. 18 at the Grenada Hospital. He was 82 years old. Mr. Thomas was one of the founders of the Grenada Banking System, which operates in North Mississippi, and had headed the organization since 1906. He was past President of the Mississippi Bankers' Association and was a director of the Mississippi Power and Light Co., the Mississippi Cottonseed Products Association and the Illinois Central System.

In accordance with its previously-announced intention, the directors of the Royal Bank of Canada have declared a reduced quarterly dividend of $1.50 per share on the common stock, payable Dec. 1 to shareholders of record Oct. 31. This action thereby places the shares of the bank on an annual dividend basis of $6 instead of $8; plans to this effect were noted in these columns July 30, page 374.

September Construction Maintains High Level

Total valuation of construction contracts awarded during the month of September in the 37 Eastern States was $723,216,000, according to F. W. Dodge Corporation on Oct. 17. This is $2,188,000 above the previous month and $99,924,000 or 16% ahead of September, 1941. For the first three-quarters of 1942 the total valuation of contracts is 35% greater than for the corresponding period of last year.

Contracts for non-residential building during the nine months' period amounted to $2,989,130,000, of which $1,809,834,000 or 60% was in the industrial building classification. The valuation of industrial building contracts to date this year considerably exceeds the 1941 nine-month valuation of $1,682,166,000 for all types of non-residential building combined.

Residential building contracts awarded in the first nine months of this year fell 14% short of the valuation attained during the corresponding period of 1941, while heavy engineering projects exceeded last year's dollar volume by 41%.

Drexel & First Nat'l Exchange Buildings

Two of the oldest financial institutions in Philadelphia, Drexel & Co. and The First National Bank, have agreed to exchange their midtown banking quarters, both located at 15th and Walnut Street, according to a joint announcement of the plans of the two institutions made by Edward Hopkinson, Jr., of Drexel Co., and Harry C. Carr, President of the First National Bank.

The First National Bank has agreed to purchase, for use as its principal place of business, the six-story building at the northeast corner, a portion of which is now occupied by Drexel & Co. Drexel & Co. will take over the bank's present leased quarters in the 1500 Walnut Street Building, as well as additional space in the building which is available.

In the announcement Mr. Hopkinson said the quarters to be vacated by First National, with their modern vault facilities, together with additional space to be taken in the 1500 Walnut Street Building, are excellently adapted for the business of Drexel & Co., and will enable it to continue all of its present services to customers.

Mr. Carr said that the premises now occupied by the bank do not provide adequate space for the conduct of its affairs. The proposed move will allow space for consolidation of certain of its activities now conducted in other offices of the bank, thus permitting an expanded service to customers and at the same time effecting certain operating economies as well as providing for an expected growth in the future. From the announcement we also quote:

"The Drexel banking house was built in 1927 for Drexel & Co.—J. P. Morgan & Co. It was specially designed by the late Charles Z. Klauder, the noted architect, to accomodate the combined business of deposit banking, general securities and underwriting. Later the property was incorporated as 1435 Walnut Street Corporation, the stock of which is owned by some of the former Morgan-Drexel partners or their estates.

"When J. P. Morgan & Co. in 1940 was incorporated as a bank and trust company under New York law, Drexel & Co. discontinued deposit banking, the present firm continuing to carry on a general securities and underwrtiing business in the same building, and occupying as a tenant required space on the lower floors.

"The agreement by the First National Bank to purchase the Drexel property from the 1435 Walnut Street Corporation is subject to a favorable court decision in an action now pending for a determination of the status and rights of the bank with respect to its present lease in the 1500 Walnut Street Building."

To Control Finished Goods Inventories

An order establishing a system of control over inventories of finished consumers' goods of wholesalers, retailers and manufacturers throughout the country will be issued in the near future, Donald M. Nelson, Chairman of the War Production Board, announced on Oct. 20. According to the announcement information reaching WPB through voluntary sources and through various Government agencies has indicated that great pressure is being exerted on markets as a result of over-buying of consumers' goods. Mr. Nelson stated that as a result of this information the special Wholesale and Retail Inventory Policy Committee of the Office of Civilian Supply had unanimously recommended to him the prompt issuance of an order establishing a control of inventories as the only effective means of achieving more equitable distribution of inventories throughout the country and of protecting the many merchants who have been complying with previous WPB recommendations relating to the maintenance of "normal" inventories. The first step of the original plan, calling for a study of quarterly inventory and sales reports, cannot achieve the desired results, Mr. Nelson said. Therefore, WPB will proceed directly to the second step—a program for formal control and enforcement of "normal" inventories. As to his further advices, the WPB said:

"The order now being drafted to put the system into effect, Mr. Nelson said, will require the achievement of normal inventories by the early part of 1943. The basis of the control system will be the one recommended by the Committee and approved by Mr. Nelson Sept. 5. This system requires each merchant to maintain the same relationship of his stock to his sales which he had on the average in comparable quarters of 1939-40-41. In this way sales increases or decreases would result in proportionate increases or decreases in allowable inventories. Forms indicating details for arriving at 'normal' inventories will be made available as soon as possible."

Mr. Nelson pointed out that the Committee had consulted with hundreds of businessmen on the questions of policy involved and added that it would consult further with representative merchants and manufacturers on the details of the order. The special Inventory Committee is headed by Eaton V. W. Read and includes Irwin D. Wolf, Vice-President of Kaufmann's, Pittsburgh, and John A. Donaldson, Vice-President and Treasurer of Butler Brothers, Chicago.

The inventory control system approved in September was referred to in these columns Sept. 10, page 894.

War Expenses May Be $74 Billions In 1943

President Roosevelt, in a report on the New Deal spending record, advised Congress on Oct. 16 that non-war expenditures for the current fiscal year are 35.6% below the 1939 peak fiscal year.

In a 96-page accounting, the President included estimates for the current fiscal year placing total expenditures at $80,000,000,000, including $74,000,000,000 for war purposes, $4,194,000,000 for non-war purposes and $1,850,000,000 for interest on the mounting public debt.

United Press Washington advices reporting on the matter said:

"Although at first glance the figures appeared to be a downward revision of those presented by the Budget Bureau on Oct. 6, that was not the case. In both estimates the non-war expenditures were the same. But the war-spending figures prepared for Mr. Roosevelt did not include $4,000,000,000 in Government corporation outlays, which would boost the total to $78,000,000,000 as reported Oct. 6.

"The report was prepared for Mr. Roosevelt by Budget Director Harold D. Smith and transmitted with a brief Presidential message. The message described the figures as showing 'the important reductions which have been made without sacrificing humanitarian considerations.'

"Explaining the voluminous report to a press conference, Mr. Roosevelt compared the estimated $4,194,000,000 non-war total for the 1943 fiscal year with the $6,516,000,000 peak in 1939. He also pointed out that non-war spending this year is $1,000,000,000 below the corresponding figures for fiscal 1942.

"Wayne Coy, Assistant Budget Director, explained a number of items at Mr. Roosevelt's conference, saying that the $74,000,000,000 war-spending figure for this year was the latest revision available, having been computed in early October.

"Mr. Coy said the $74,000,000,000 war figure represented an increase of more than $15,000,000,000 over budget estimates contained in Mr. Roosevelt's message to the Congress last January. The figure also represents cash paid out of the Treasury and not contractual commitments.

"The President agreed with correspondents that increased employment caused by the war had helped make it possible to reduce non-war expenditures. He offered the example of reductions in the Civilian Conservation Corps and the National Youth Administration made possible by the war.

"The report pointed out that the figures cited demonstrated 'to all persons that the Federal Government began to adjust to new conditions long before Pearl Harbor.'

"The four principal new non-war services added since 1932, according to the President, were unemployment relief, Social Security, the agricultural adjustment program and railroad retirement."

RFC Permits Banks To Defer Stock Payment

Secretary of Commerce Jesse Jones announced on Oct. 14 that banks and trust companies in which the Reconstruction Finance Corporation holds preferred stock, capital notes or debentures may defer amortization of their RFC capital for the duration, or "until further advised."

Deferment of such payments will not deprive a bank of the right to continue payment of dividends on its outstanding capital stock, Mr. Jones said.

Washington advices, Oct. 14 to the Chicago "Journal of Commerce" said:

"The bank securities held by the RFC were for the most part purchased by it shortly after the Banking Holiday in 1933 in a move to give the banks more capital and thus make them more liquid.

"Most of the larger banks have already repaid the RFC and taken back their preferred stock, notes or debentures, but a large number of the smaller banks, particularly those in the rural districts, have continued annual payments to the RFC in accord with their original contracts."

Voluntary Adjustments Of RR Obligations Law

President Roosevelt has signed a bill amending the Bankruptcy Act so as to enable railroads to voluntarily adjust their obligations. The bill is substantially the same as Chapter 15 of the original Bankruptcy Act, which expired July 31, 1940. Under the amendment any railroad has until Nov. 1, 1945, to institute proceedings under the act.

Congressional action on the measure was completed on Oct. 6 when the House agreed to an amendment which had been inserted by the Senate in passing it on Oct. 1, limiting the life of the measure to 3 years. The bill originally passed the House on June 16 and in our issue of June 25, page 2396, it was noted that Representative McLaughlin, the author of the bill had stated in the House on June 15 that the bill re-enacts Chapter 15 of the Bankruptcy Act (the so-called Chandler Bill) providing for the voluntary readjustment of captial structures of railroads. The remarks of Representative McLaughlin were quoted in part in that issue. The text of the Chandler Bill as enacted into law in 1939 was given in our issue of Aug. 26, 1939, page 1235.